# Daily Report

# East Europe

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FBIS-EEU-92-035 21 February 1992

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## Yugoslavia

***Croatia***—BORBA reports that the Croatian Army is "receiving officers of the disbanded East German Army." No more than "50,000" will be included in the Bundeswehr (German Armed Forces)." The remaining officers will be unemployed and "have been offered a place in the Croatian army."

***Slovenia***—Ljubljana radio reports that Prime Minister Lojze Peterle is "on the offensive" after surviving a no-confidence vote in the assembly. The prime minister has requested the resignations of Foreign Minister Dimitrij Rupel, Minister of Internal Affairs Igor Bavcar, and Minister of Information Jelko Kacin. In his attempt to reshuffle the government Peterle stated that "there will be no room" for ministers "belonging to parties that do not support the government." The ministers expressed "astonishment" at Peterle's request and agreed that "the prime minister does not quite understand or comprehend yesterday's events in the Slovene parliament." Ljubljana radio reports that the Slovene "political scene will become very turbulant and unpredictable" in the coming weeks.

## Bulgaria

BTA reports that for the first time Bulgaria and Russia have granted each other most favored nation status by signing a trade protocol. This marks the first time that Russia has signed this type of agreement with an East European country.

## Czechoslovakia

CSTK reports that the new friendship treaty between Czechoslovakia and Russia, initialed by the two countries' foreign ministers on 18 February, states that Russia is the "successor" to the former Soviet Union and that "agreements between Czechoslovakia and the Soviet Union remain in effect." There is "a significant difference between the new treaty and the original draft."

According to CSTK, Slovak Prime Minister Jan Carnogursky said that "...economic consequences would not be the worst impact of a possible break-up of Czechoslovakia..." He also "warned against instability in central, southeastern, and eastern Europe following the fall of communism."

## BSP Leader, Zhelev Discuss 'Terrorism' Charges

*AU2002214292 Sofia Khorizont Radio Network in Bulgarian 2100 GMT 20 Feb 92*

[Text] The Press Center of the Bulgarian Socialist Party [BSP] announced that Zhan Videnov, chairman of the BSP Supreme Council, met today with President Zhelyu Zhelev. During the meeting they discussed a wide range of topics relating to domestic and foreign politics.

The Socialist leader also commented on the declaration that Georgi Markov read on Bulgarian Television last night. The accusations of terrorism leveled against the BSP and other parties are totally groundless, Zhan Videnov said, and they would appear ridiculous had they not emanated from the parliamentary group of the Union of Democratic Forces [SDS], which elected the country's government.

The two declarations—the Varna Declaration and the one issued last night—are aimed at putting those currently in power beyond the bounds of criticism. The Socialist leader added that the criticisms leveled against the SDS deputies, not only by the BSP but also by a broad section of society, are mainly connected with the progress of the reform.

According to the BSP Press Center, Dr. Zhelyu Zhelev described the statements in the declaration as serious and expressed doubt that this was the position held by all the members of the SDS parliamentary group.

## Zhelev Interviewed on Foreign Policy Priorities

*AU2102100292 Sofia DEMOKRATSIYA in Bulgarian 14 Feb 92 p 1, 5*

[Interview with President Zhelyu Zhelev by Adriana Andreeva; place and date not given: "Bulgaria Ever More Confidently Integrates Itself in European Structures"]

[Text] [Andreeva] Mr. President, you are leaving for France immediately after the new government has marked the first 100 days of its rule. The Bilateral Treaty on Friendship and Cooperation you will sign in France is directly related to one of the basic priorities of our foreign policy strategy. How would you describe our foreign policy's strategic priorities?

[Zhelev] The signing of bilateral treaties with the major European states is one of our foreign policy's priorities. The first priority is Bulgaria's closer integration in European structures. This means the CSCE, in which our country actively participates, and the European Council, in which we have the status of a specially invited observer, and whose full-fledged member we will become in May. We have also begun negotiations with the EC for receiving the status of an associated member. I hope that by the end of the year or by mid-1993 at the latest, we will obtain that status, which is especially important for Bulgaria at the present stage because it involves purely economic and political advantages. When we obtain that status, we will be able to market our goods, which are competitive, to the EC countries.

The second priority is to sign bilateral treaties with the major European states. We have already signed such treaties with Germany and Italy, and now we will sign such a treaty with France. In this case, it is interesting that France insists on signing the treaty at the highest level—by the presidents. This is very important for us. It shows that France values its relations with our country, precisely as we value our relations and contacts with this great European state. In the near future we will be ready to sign a similar treaty with Russia, and perhaps with the Ukraine. Thus the second priority of our foreign policy will be complete.

In addition to economic, political, cultural, and other benefits, our relations with the European structures and the bilateral treaties with the major European states will also serve as a guarantee of our national security.

[Andreeva] Obviously, now that we have relinquished the policy of blocs and axes, this is the road on which Bulgaria will seek guarantees for its national security.

[Zhelev] Yes, of course. In the past, before World War II, the small states seeking foreign policy guarantees for their security, had to obligatorily become satellites of one of the great states and gravitate around it. Subsequently, they suffered the results of the war together with the great power that they joined. Fortunately, today we can seek guarantees for our national security within an all-European context, and there is no need to become the satellite of some European or world power. This is a result of the integration process and the universal relations throughout the world, especially in Europe, where all-continental structures have emerged.

[Andreeva] What are the directions of our foreign policy vis-a-vis the military defensive aspect of Bulgaria's integration in the all-European structures?

[Zhelev] Expanding our relations with NATO is also very important in the comprehensive context of Bulgaria's integration in the European structures, because this allows us to obtain foreign policy guarantees of our national security and bring our military standards and models close to those of NATO. This is very important in creating a modern Bulgarian Army.

[Andreeva] According to you, what is Bulgaria's place in the international arena now?

[Zhelev] Bulgaria is a small country, but as far as I can tell, we evoke interest with our specific and particular manner of transition from totalitarianism to democracy. It is characteristic of Bulgaria that it has succeeded and continues to succeed in preserving a really democratic transition toward democracy and constructing a market economy. I would like to think that also in the future Bulgaria will have the political prudence needed to preserve that road, because, regardless of how slow the peaceful transition seems, it still has a better chance of

effecting a rapid advance than the great shocks, which could easily become violent acts, disruptions, and civil wars—things we see both to the west of Bulgaria and in some former Soviet Republics. Bulgaria's importance in the Balkans and Europe is substantial because of its geographic and geostrategic situation. It is a country situated in the center of the Balkan Peninsula and the fact that it preserves its political and social stability is something that allows it to play the role of a stabilizing factor in this part of the world and in Europe. From my talks with foreigners I know that they especially value this side of our transition toward democracy and the market economy. Life itself confirms that in the final analysis democracy can successfully be constructed only through democratic means. When the means become nondemocratic, the democratic goals we seek become meaningless. I think that a past period in our history, which we now reject, could serve as a good lesson in this area.

[Andreeva] In other words, this original transition toward democracy and a market economy is our strong trump card in the international arena?

[Zhelev] Undoubtedly, because it creates an exceptionally favorable notion, or as it has recently become fashionable to say, a favorable image of Bulgaria in the world. This is not a formal issue, because the attitude toward our country and the possibility of receiving political, economic, financial, scientific-technical, and technological assistance depends on our image. These are things that are important for the present stage of our development.

## Problems Remain With 1992 Russian Trade Protocol

*AU2002173992 Sofia BTA in English 1449 GMT 20 Feb 92*

[Text] Sofia, February 20 (BTA)—Bulgaria and Russia have signed an intergovernmental protocol on trade and economic relations in 1992, but a number of problems about its implementation still remain unsolved.

With the signing of the protocol Bulgaria and Russia granted each other for the first time the most favoured nation status. This was also the first agreement of this kind Russia signed with a country of Eastern Europe in the new conditions. Under the protocol, trade and economic relations between the two countries are to be based on clearing and barter transactions. The protocol envisages a possibility for effecting payments in national currencies. It also includes a list of goods and services to be exchanged between Bulgaria and Russia in 1992. Bulgaria is to receive some 5 million tonnes of crude oil as well as diesel fuel, fuel oil, natural gas and raw materials and is to supply calcinated soda, machines, tobacco, medicines, meat and baby food. The protocol envisages mutual supply of special purpose equipment, too.

An interbank agreement with the protocol is to be signed this week.

A number of problems in Bulgarian-Russian economic relations, however, still remain unsettled, although in the past decades the Soviet Union used to be Bulgaria's No. 1 partner both in politics and economy.

In Moscow a Bulgarian work group will discuss the implementation of the intergovernmental protocol. Despite the huge capacity of the Russian market and the large amount of products Bulgarian companies have stored up, they seem to fear to trade with Russian partners. The reason actually is that many of them have not yet received the due payments under last year's contracts. However, often the Bulgarian goods are competitive only on the Russian market and on the markets of the other ex-Soviet republics.

In 1991 Bulgaria's trade balance with the former Soviet Union was favourable, the surplus amounting to some 380 million dollars Russia, the Ukraine and Kazakhstan account for over 90 per cent of Bulgaria's trade with the former Soviet Union. At the same time, part of Bulgaria's foreign debt (about half billion dollars) is to banks in third countries which operate with Soviet capital. The minister of industry and trade, Mr. Ivan Pushkarov, acknowledged that finding a mutually acceptable settlement of that debt issue was the most acute problem in Bulgaria's relations with the former Soviet republics. At the end of 1991 Mr. Ivan Silayev, director of the Intergovernmental Economic Committee, suggested that the 1991 trade surplus be used to cover part of that debt. Bulgaria's Minister of Finance Mr. Ivan Kostov described that solution as unacceptable.

A special group at the deputy-ministerial level will be looking for a mutually acceptable settlement of the problem with the trade surplus and Bulgaria's debt.

## Carnogursky Warns of Risks of Country's Break-Up

*LD2002230792 Prague CSTK in English 2130 GMT 20 Feb 92*

[Text] Bratislava Feb 20 (CSTK)—Slovak Premier Jan Carnogursky today said economic consequences would not be the worst impact of a possible break-up of Czechoslovakia, and warned against instability in central, southeastern, and Eastern Europe following the fall of communism.

In a Slovak television speech, Canorgursky was reacting to the rejection on February 12 by the Presidium of the Slovak National Council (parliament) of a draft agreement on the principles of a future Czechoslovak state setup.

The agreement was drawn by representatives of the Czech and Slovak regional parliaments at Milovy, South Moravia, February 9, and was to serve as a basis for working out a new federal constitution.

On February 18, the federal parliament did not approve amendments to three sections of the Czechoslovak Constitution newly arranging relations between the president, the parliament and the government. It was the Slovak part of the House of Nations which failed by three votes to pass the amendments.

"These decisions have largely deepened the political crisis in which the (Czechoslovak) republic has been living for a longer time. The coexistence of Slovaks and Czechs in a common state has got a serious rift and a break-up of the common state cannot be entirely ruled out", Carnogursky said.

Though some formulations of the draft agreement allow "double interpretation,... it extends the right of the (national) republics to manage their economies... and increases their participation in the management of the common state. The draft agreement markedly extends the status of the republics under international law. At the same time, the agreement provided for the preservation of the common state and thus also preserved security certainties for all citizens of this state and for both republics", Carnogursky said. Nevertheless, "the agreement also embedded the possibility of dividing the common state on the basis of a referendum if coexistence would not suit us", he said.

Carnogursky said "the (opposition) Slovak National Party (SNS) has completely rejected the agreement and the (opposition) Movement for a Democratic Slovakia (HZDS) called it a rag of paper even before consent was reached on its wording.... Rejecting the agreement between the republics, they want to have a free hand in the coming parliamentary elections and want to be free in conducting a demagogic election campaign", he said.

In the vote in the Slovak regional parliament's presidium, also four out of six deputies for the coalition Christian Democratic Movement (KDH), of which Carnogursky is chairman, voted against the agreement.

Speaking about the attitude to the agreement in the Czech Republic, Carnogursky said "representatives of Czech political parties first categorically rejected an agreement and later, step by step and with great aversion, were accepting it".

"The agreement's rejection by the Slovak National Council Presidium increased the risk of unconstitutional steps... Any unconstitutional decision would extremely weaken our position in Europe and would probably put off our admission as an equal partner into integration groupings", Carnogursky said.

Speaking about instability in the former communist bloc countries, Carnogursky mentioned besides the war in Yugoslavia also the developments in the former Soviet Union where the Commonwealth of Independent States "is only seeking its shape and the character of internal mutual relations, and it is not a conflict-free search. We ourselves have been battling for two years with the economic reforms and would really need calm and (ties of) cooperation".

"Our ambassador in Budapest has been instructed to ask an explanation of the Hungarian defence minister's statements about the mission of the Hungarian Army in the Carpathian basin", Carnogursky said.

In conclusion of his speech, Carnogursky said "not everything is as yet lost", and called on citizens, the government and parliamentarians to observe laws and to avoid any ill-judged steps.

## 'Friendship Treaty' With Russia Outlined

*AU2002173892 Prague CSTK in English 2042 GMT 18 Feb 92*

[Text] Moscow Feb 18 (CSTK correspondent)— The new friendship treaty between Czechoslovakia and the Russian Federation states that Russia is the successor to the former Soviet Union, and that agreements and accords concluded between Czechoslovakia and the Soviet Union remain in effect.

The document, initialed by the two countries' foreign ministers today, is based on a draft treaty between Czechoslovakia and the former Soviet Union initialed last October but never signed due to the Soviet Union's disintegration at the end of last year.

A significant difference between the new treaty and the original draft is seen in the preamble concerning the August 1968 Soviet-led invasion of Czechoslovakia. While the draft spoke about definitive parting with "the past linked to the August events," the new document speaks about "definitive parting with the totalitarian past linked to the use of force against Czechoslovakia."

Commenting on this, Czechoslovak Foreign Minister Jiri Dienstbier told CSTK that Russia felt the need to dissociate itself from the activity of the former Soviet Union and Czechoslovakia welcomed the intention.

Czechoslovakia and Russia in the treaty pledge to develop their relations as friendly states.

The treaty will be signed for the period of ten years and then renewed every five years.

### Sudeten German Official Favors Signing Treaty

*LD2002212292 Prague Stanice Ceskoslovensko Radio Network in Slovak 1600 GMT 19 Feb 92*

[Text] The standpoints of the Association of Germans in Czechoslovakia and of the Sudeten German Expatriate Association on the Czechoslovak-German treaty do not differ a great deal. Waltr Piverka, a Czech National Council deputy and chairman of the Association of Germans in Czechoslovakia, told this to a CSTK reporter today. He added that in his view, statements made by Franz Neubauer, chairman of the Sudeten German Expatriate Association, were interpreted erroneously in the Czechoslovak media. He also said that the Czechoslovak-German treaty should be signed even it does not go much further than the existing treaty of 1973.

### Foreign Ministry Interpretation

*LD2002211192 Hamburg DPA in German 1727 GMT 19 Feb 92*

[Excerpt] Prague (DPA)—Barely a week before the signing of the German-Czechoslovak treaty on neighborly relations, the Czechoslovak Foreign Ministry has put forward a previously unmentioned interpretation of the term "expulsion" used in the preamble of the document. Zdenek Zikmund, director of the press department of the CSFR Foreign Ministry, said in response to a DPA enquiry on Wednesday [19 February], "The Czechoslovak interpretation of the terms 'expulsion' and 'emigration' consider the spirit and text of the Potsdam Agreement." This states that the deportation of the Sudeten Germans from Czechoslovakia decreed by the victorious powers in the Potsdam Agreement following World War II was to be carried out in an "orderly and humane" fashion, he said.

"For the most varied reasons," there have been "transgressions" of this clause in the agreement, he added. The CSFR therefore considers "all excesses, crimes, and injustices taking place within the context of the emigration as falling under the scope of the term 'expulsion,'" Zikmund said. Thus the term was not defined chronologically but by the manner in which the emigration had taken place, he said. At the same time the CSFR views the deportation of the Czech population from German border territory when the Munich Agreement came into force in 1938 as expulsion, he added. The ceding of Sudeten German areas to Germany by Czechoslovakia was contained in the Munich Agreement. [passage omitted]

### SNS Chairman Welcomes KDH Vote Against Treaty

*AU2102094992 Bratislava SLOVENSKY DENNIK in Slovak 15 Feb 92 p 2*

["MRU"-signed report: "Even the Slovak National Party Is Now Open to Christian Democrats"]

[Text] Bratislava—"We welcome the stand of those Christian Democratic Movement [KDH] politicians who in the Slovak National Council Presidium voted against the text of the Treaty on the Principles of the Constitutional Setup of the Common State," Jozef Prokes, chairman of the Slovak National Party [SNS], told a news conference yesterday. He added that his party is extending to these politicians its helping hand. They are also welcome in the SNS as independent deputies, if they are unable to assert their views within the KDH. Asked by SLOVENSKY DENNIK whether the SNS has already approached specific people in this matter, Jozef Prokes said yes. However, he refused to reply to the question whether any of the KDH deputies who were approached expressed genuine interest in the advanced offer.

### Carnogursky Defeated at KDH District Session

*AU2102122592 Bratislava SLOVENSKY DENNIK in Slovak 17 Feb 92 pp 1, 2*

[Alexander Miartus report: "There Was Lightning, There Was Thunder—In the End the Skies Became Clearer"]

[Excerpts] Zilina— All the invited guests—except those struck by the flu—accepted the invitation to attend the Fourth District Assembly of the Christian Democratic Movement [KDH] in Zilina. This fact alone suggested that the assembly would be exceptionally interesting. Top KDH representatives—Jan Carnogursky, KDH chairman and Slovak prime minister; Jozef Kuzma, central secretary of the KDH; and Viliam Oberhauser, Slovak minister of forestry and water management—took their seats at the head table. They were joined in the afternoon by Jan Klepac, Slovak National Council deputy chairman. [passage omitted]

After a very brief report by Stanislav Kucera, chairman of the KDH District Coordinating Center in Zilina, Jan Carnogursky took the floor. [passage omitted] The speaker devoted a substantial part of his address to the defense of the Milovy document. In this context he recalled that a year ago [Chairwoman of the Czech National Council] Mrs. Buresova did not even want to hear about a treaty and totally ruled it out as a possible alternative to solving the constitutional setup. [passage omitted] The prime minister conceded the fact that the text of the Milovy document arouses mixed feelings and disagreements on the Slovak political scene, and he admitted that to a certain extent it is a compromise. However, this should not be a reason to condemn the document but to realistically consider the extent of this compromise.

According to the Milovy draft, the treaty provides Slovakia with the chance to fully develop its independence in the economy and in foreign policy—for example, to negotiate and conclude agreements and treaties with other foreign subjects. The text of the treaty signifies a positive shift toward a solution, as was also noted by the majority of KDH Council Presidium members at their meeting on 14 February, which lasted late into the night.

Following the rejection of the Milovy draft treaty in the Slovak National Council, in which some KDH deputies also played a role, we have drifted into a situation in which we must be twice as careful in considering further steps to minimize the existing risks. Perhaps, one can realistically imagine how we shall complete Gabcikovo in the event of the breakup of the republic or how we are going to join the family of European nations. European nations will only take us into consideration if we split by constitutional means, and do we know the will of the majority in Slovakia in this situation?

At the KDH Council meeting at Vranov, which will be held on 22 February 1992, we must decide, on the basis of a serious analysis, which steps are the best. [passage omitted]

Adding to the prime minister's thoughts, Minister Viliam Oberhauser said that this decision must be based, above all, on the will of the members base. He drew attention to the fact that it is not only federalist practices that linger on in our country, but also attempts to preserve them. We must therefore look for a solution that will remedy our mutual relations. From this point of view, the Milovy draft does not guarantee a remedy—above all, because the partners to the treaty are not identified as legal subjects and because a number of solutions have been shelved and are to be dealt with in the future.

KDH Central Secretary Jozef Kuzma explained why he, together with three other members of the KDH Council Presidium, voted against the KDH Council Presidium's statement of 14 February. He said that his decision was motivated primarily by his conviction and stand on the two principles of the KDH policy—Christianity and the national principle. The Milovy draft of the treaty does not respect the principle of building the federation from below, a principle enshrined in a number of KDH bodies' binding resolutions.

Slovak National Council Deputy Chairman Jan Klepac informed the assembly about the KDH's key intentions concerning the constitutional setup. In explaining his negative stand on the draft treaty from Milovy, he used the arguments that we published in the 15 February 1992 issue of SLOVENSKY DENNIK, in the interview entitled "Returning to Christian Clarity in Our Policy." He stressed that the draft treaty from Milovy totally differs from the draft approved by the Slovak National Council and from the type of treaty that the last session of the KDH Council obliged the KDH to conclude. It is not a positive shift but, in many respects, a step backward. Even powers that had already been agreed upon are being abolished—for example, Slovak borders are to remain within the federal bodies' sphere of jurisdiction. The same is true in executing customs administration, etc. In this connection, the speaker literally said: "We must give the Czech side a clear signal that we are no dimwits."

Opinions changed in favor of and against the Milovy draft in the course of the two-hour debate that followed. There were direct disputes between individual representatives of the movement sitting at the head table. [passage omitted]

The assembly unanimously placed the newly elected delegates to the all-Slovak KDH Council under an obligation to assert in Vranov the principles of the constitutional arrangement that had been adopted by the KDH Council on 18 and 19 January 1992, that is, the principles of sovereignty and equality. The KDH District Assembly's resolution stresses the need to initiate not confrontational but unifying elements of a solution. By a majority of votes, the assembly expressed support for those deputies to the Slovak National Council who had voted against the draft treaty from Milovy. [passage omitted]

## Army To Purchase Spare Parts From Ukraine

*AU1902151392 Budapest NEPSZABADSAG in Hungarian 14 Feb 92 p 1*

[Interview with State Secretary Jeno Laszlo, leader of the Military Industry Office, by Peter Dunai; place and date not given: "A Big Weapons Deal With the Ukraine Cannot Be Expected"]

[Text] At the session of the parliament's Defense Committee, Jeno Laszlo spoke about a possible Hungarian-Ukrainian trade deal. We interviewed Jeno Laszlo on this issue.

[Dunai] Germany is refusing to sell the Soviet-made weapons of the former East German Army to Hungary. Logically, we could probably acquire these weapons cheaper from the Ukraine through trade deals.

[Laszlo] We are not talking about new weapons but spare parts that are needed to maintain our Army. Why can we mention the Ukraine? Because it has many armament factories that are about to be converted to civilian production. To achieve this, they need technology, know-how, and licenses that are available in Hungary. In return, they would deliver spare parts that satisfy our Army's needs. We do not have money, but we have to maintain the Army on a certain level. Therefore, we look at all possibilities.

[Dunai] What equipment would these "Ukrainian" spare parts be needed for—armored cars and trucks?

[Laszlo] There are many instruments that need to be replaced after a certain period, regardless of how much they are used. The Hungarian Army has some Ural-type trucks for which we need to get spare parts.

[Dunai] After the easing of, and later the abolition of, the Cocom limitations, Western military enterprises have been indicating their interest in any kind of cooperation with Hungarians. Has there been any progress in this matter?

[Laszlo] There is interest, but we do not have a level of negotiations that would indicate any kind of results. We are ready and open for negotiation, but the time has not come yet.

[Dunai] Hungarian military industry is struggling with great problems. When can we expect some promising development?

[Laszlo] The production of military technology equipment is mixed with civilian production in the enterprises. At this moment, I am not able to tell whether an enterprise is in crisis due to the military or the civilian production. We are examining the factories to find out which sections we must keep.

[Dunai] If it is not a secret, which Western military enterprises have expressed an interest?

[Laszlo] Civilian and military sections coexist in their factories. Rather than the military section, it is always the enterprise that comes and makes offers in various areas, inculding the military area.

[Dunai] Can we be more precise? Are you talking about vehicles or electronic engineering?

[Laszlo] It is inconceivable for either the vehicle or the electronic industry not to serve military purposes.

[Dunai] Our MiGs are rather worn out. Do you think it would be possible to buy Western military aircraft for delivering spare parts from Hungary?

[Laszlo] I do not think this is possible just now.

[Dunai] What about the future?

[Laszlo] It is also very unlikely then.

[Dunai] For technical or commercial reasons?

[Laszlo] For commercial reasons.

## Finance Minister Views State of Economy

*AU1902145592 Budapest UJ MAGYARORSZAG in Hungarian 12 Feb 92 p 7*

[Interview with Finance Minister Mihaly Kupa by Laszlo Doczy; place and date not given: "Mihaly Kupa on the Davos Forum, Our Prospects, and Our Tasks—Keen Competition in the World Economic Arena"]

[Excerpts] [passage omitted] [Doczy] On your return from Sweden, you said that the time for the Hungarian National Bank [MNB] to issue bonds in the United States had not come yet, which contradicted the opinion of the central bank leaders. Can we attribute this to the difference of opinions in the two institutions or to the lack of coordination?

[Kupa] The Hungarian Government empowered the MNB to handle the Hungarian state's debts and it enjoys a considerable amount of freedom in this. All I said was that it was a market in recession and we would see later what we could do; this was a simple assessment of the situation. I did not question the rights of the MNB. In addition to the existing ones, which are Germany and Japan, we must be present in two other share markets. One is the United States—from where we withdrew in the beginning of the 1980's, which I believe was a mistake because the power of Wall Street is well known and a large part of our debts are U.S. dollars—and the other is England. We must not forget about Switzerland either, although this is the most cautious market in the world. The trust that Switzerland shows toward us well depicts Hungary's economic and social achievements. The participants in this market consider stability and security as the most important factors. In their view, the political situation is stable, even if it does not always seem like that from inside. There is a constitutional order here that is not questioned by anyone, neither the

government parties nor the opposition, and this system is working. In addition, Hungary is considered to be a good market where it is worth investing. [passage omitted]

[Doczy] Previously, it was more or less acknowledged that the government program—that is, the Kupa-program—was entrepreneur-friendly. Last week, however, a number of interest groups like the IPOSZ [association of craftsmen] or the KISOSZ [National Free Organization of Retailers] accused the new tax system of making things impossible for enterprises.

[Kupa] As for being entrepreneur-friendly, I have already said many times that a government has to be friendly for entrepreneurs, pensioners, education, etc.; in other words, a balance is needed. Whether an economic environment is entrepreneur-friendly depends not only on the tax system but also on to what extent the whole system of economic conditions and institutions serves the security of enterprises and the predictability of their risks. Our whole tax system stands fast in Europe. The rates are not too high, and the conditions—for example, the possibility of deducting expenses—are also satisfactory. In addition, the new accounting system mainly considers the interests of the companies and enterprises, be it amortization, risks, or the possibility of separating losses. People who criticize often forget about all these facts.

[Doczy] The high interest rates coupled with high taxes certainly cannot be considered an ideal environment.

[Kupa] As for the banking system, the interest rates are undoubtedly high, but they are slowly starting to come down. The chairman of the MNB recently announced that the interest on privatization loans and subsistence [egzisztencia] loans would be 13 percent, and a guarantee fund also accompanies this. Taking all this into consideration, I believe that the charge that the government does not bear in mind the interests of enterprises lacks any foundation. We have to be aware that having an enterprise means risking your own capital. If the state gives money to entrepreneurs from the taxpayers money that is income-redistribution, rather than enterprise. Do not count on this. If the enterprises owe 50 billion forints in social security payments and 50 billion forints in taxes, then these amounts have to be replaced somehow. The tax burden could be smaller if more people paid their taxes. When talking about enterprises, I include anyone from the craftsmen to the large industrial enterprises.

[Doczy] The leaders of the IPOSZ "threaten" that under the current circumstances, 35 percent of enterprises could go bankrupt within three years.

**Enterprise, Without Risks?**

[Kupa] The numbers speak for themselves, namely there are 400,000 personal entrepreneurs in Hungary today, and the number of collective enterprises also exceeds 100,000. Therefore, it seems that entrepreneurship is worth it. The international standard is that 20 percent of enterprises go bankrupt each year and new ones are formed in the meantime; the participants keep changing. This change is part of enterprise. [passage omitted] Whoever is clever and cautious enough and has enough capital will survive, and the others will fail. Otherwise the logic of the whole market economy would be questioned.

[Doczy] Since the most recent changes in government, privatization has not been directly under the control of the Finance Ministry anymore, and this new system has created certain opposing views between the budget and those implementing privatization.

[Kupa] An awful lot of nonsense has been said about fiscal terror and similar things by various gentlemen under the heading of economic policy. One thing has to be seen clearly, however. The size of fiscal terror depends on what kind of tasks—that appear on the side of expenses—the state wants to fulfill. If the state does not give these up then it can provide the resources in the form of various taxes or regrouping amounts. The latter can be done though privatization, loans, or issuing bonds. In 1992, compared to the productivity of the economy, Hungary reduced the budgetary expenses by at least four points. Therefore, in my view, talking about fiscal terror makes no sense.

It is a different issue that during privatization a special strategy has to be followed in economic policy, and the essence of this is that privatization should be fast and effective and that enterprises remaining in national property should also work efficiently. We may have to take different stands because the central bank and the Finance Ministry have different interests, but a constitutional state and a market economy only work well if the various branches of power compete.

[Doczy] To what extent can the new structure in government help these processes?

[Kupa] I kept hearing that I wanted to lay my hands on everything, extract everything, etc., although Parliament makes the decisions on these issues based on the government's proposals, and they do not depend on one person. During the changes, it became perfectly clear that a minister without portfolio was appointed to supervise privatization matters and operate the long-term state properties. This person deals with these areas, not to mention the fact that the areas of responsibility have also improved considerably. Personally, I am very satisfied that my previous political state secretary was appointed to this post, and it is also good that my current political state secretary has been appointed chairman of the board of directors of the State Property Agency. These facts ensure the necessary linkages, and the conflicts, too, to make it all work well.

[Doczy] What are the main financial tasks of this year?

[Kupa] The fortunate situation is that in addition to being the finance minister, I am also responsible for

economic policy as the chairman of the Economic Cabinet. Therefore, I would like to give you a more comprehensive picture. The first and most important task is to make Parliament pass the laws on the state budget and the security property connected to it, the institutions handling it, and on the way to handle it. The other task is to handle the domestic state debt in a new way. The domestic state debt is large and will continue to grow with the progress of privatization. We are in the process of managing it and establishing the appropriate methods. It is also necessary to pass the missing laws on insurance, customs, and foreign currency, and when all this is done we will have made some 25 laws that are necessary in the area of finance in 18 months. So much for delays. Looking at it from the viewpoint of economic policy, it is also very necessary to change the social and distribution systems. In my view, the welfare law and the laws and concepts to do with education are the most important here.

**Many Things To Do**

[Doczy] You must not disregard the human aspects of this economic policy either.

[Kupa] We cannot delay starting serious development in infrastructure either, be it the development of telecommunications or highway systems. I do not want to deceive anyone: Unemployment will still rise in Hungary in 1992; it is concomitant with the changes. We already have to start the programs that will prepare for reducing unemployment in the future. We must prevent Hungary from becoming divided, namely into west and east Hungary. Unfortunately, there is a great danger of this happening. Therefore, we have a lot to do. Nevertheless, while in 1991 we were standing in the gutter and were being beaten up—which means that we had to establish the conditions for the changes and, as far as possible, had to restore the people's faith while everything collapsed around us—in 1992, we can proceed under much more organized circumstances. We are not being beaten up anymore, and we are climbing out of the gutter.

## Labor Center Reports 1991 Unemployment Figures

*AU2102121092 Budapest MTI in English 1014 GMT 19 Feb 92*

[Text] Budapest, 19 February (MTI)—A summary report published by the National Labour Centre reports that the number of unemployed in Hungary in 1991 rose from 80,000 to 406,000, with the unemployment rate going up from 1.7 to 8.5 percent.

In 1991, the solidarity fund ensured unemployment aid to 414,000 people, utilising 15 billion forints. At the end of the year, 312,000 received aid, the monthly average of which was 7,310 forints.

The employment fund utilised 3.4 billion forints to aid some 110,000 people. Some 26,000 people participated in retraining courses and individual retraining, which accounted for 860 million forints.

A total 971 million forints was spent on creating new jobs, which ensure work for 9,000 unemployed. Public service employment which utilised some 532 million forints, ensured work for some 20,000 people.

Part-time work became possible for some 36,000 workers, and 160 million forints were allocated to make up for 50 percent of the personal wage due for lost work-time.

Some 4,000 people in 14 counties made use of early retirement, the most, 1,500, in Borsod-Abauj-Zemplen county. (At present, the retirement age for men is 60, and 55 for women.)

### Olszewski Stresses New Administration Structures

*LD2002154492 Warsaw PAP in English 1418 GMT 20 Feb 92*

[Text] Poznan, Feb. 20—The establishment of a new, competent and impartial state administration apparatus is the condition of success of the Polish reforms, Prime Minister Jan Olszewski told delegates to the all-Poland congress of local government workers here Thursday [20 February].

He stressed that such structures will be created still this year.

While building the new state administration "we will reject the principle of allocating high posts according to party affiliation," the p.m. [prime minister] said. He also explained that decommunization referred to so frequently during the parliamentary election campaign should above all mean eliminating the old mechanisms and structures of state administration.

### Olszewski Accepts Finance Minister's Resignation

*LD2002101392 Warsaw PAP in English 1811 GMT 19 Feb 92*

[Text] Warsaw, Feb. 19—The Polish prime minister on Wednesday [19 February] accepted the resignation of Finance Minister Karol Lutkowski, submitted last Monday [17 February]. Lutkowski's successor will be appointed shortly, according to a government press bureau release. Secretary of State Jerzy Zdrzalka is in charge of the Finance Ministry for the time being.

Still before his resignation was accepted today, Lutkowski had appointed Zdrzalka first deputy finance minister, a move which "will enhance my responsibilities and duties in the ministry," Zdrzalka told PAP.

As the key reason for his resignation, Lutkowski had named major differences of opinion concerning socioeconomic strategy between "a group of prominent economic and political figures" and himself.

### Olszewski Regrets Solidarity Railwaymen Strike

*LD2102091492 Warsaw PAP in English 1932 GMT 20 Feb 92*

[Text] Poznan, Feb. 20—Prime Minister Jan Olszewski said he regretted the strike by Solidarity railwaymen last Wednesday [19 February] and was surprised by the union's position consisting in, as he put it, "extorting what cannot possibly be extorted."

The p.m. [prime minister] was addressing workers of the Hipolit Cegielski heavy industry works here Thursday [20 February].

Olszewski explained that the state budget had no means to meet the pay demands put by the rail workers. "If we fail to correctly assess what we can afford, we will not pull out of the crisis," he stated. "The government will continue to explain the situation and our motives, but we will not give in."

The p.m. also said that limits on pay were necessary to prevent the return of hyperinflation. He also admitted that the price for this will be paid by the poorest.

### Solidarity Critical of Government Economic Plan

*LD2002143992 Warsaw PAP in English 1401 GMT 20 Feb 92*

[Text] Warsaw, Feb. 20—The solutions adopted by the government in its guidelines of socioeconomic policy for 1992 are unacceptable to the Solidarity trade union, regarding both their form and contents, because they do not remove the sources of threats to the Polish economy and state, representatives of the union told reporters after the first round of talks here Thursday [20 February] with a government delegation.

The talks are held by teams concerned with socioeconomic policy.

### Solidarity Leader Interviewed on Trade Unionism

*AU1902161292 Warsaw POLSKA ZBROJNA in Polish 14-16 Feb 92 p 3*

[Interview with Marian Krzaklewski, chairman of the Solidarity National Commission, by Andrzej Wasiak; place and date not given: "'Solidarity' Is Our Strength"]

[Text] [Wasiak] The number of organizations calling themselves "Solidarity" has increased lately. They all claim a common origin and are taking away members from your union. However, strength lies in unity. In what sort of state is the union that you lead?

[Krzaklewski] During what was the most difficult period for union unity, when one could have talked of a split in the "Solidarity" structure, almost the entire so-called working party remained with the union. The groups that went their own way are very small compared to us.

So the split has not been in the "Solidarity" union but in the political environment surrounding it. That has to be made clear. The union has remained the same as it was. It is assuming an increasingly rich and varied appearance. The membership has remained constant for some time now and is currently about 2.5 million.

As the past few weeks have shown, we are a representative union. Perhaps the number of members is not as impressive as it was in the 1980's, but it reflects a trend toward a much lower level of unionization among Polish workers and employees. In the 1980's, unionization was over 90 percent, and now it is about 45 percent.

[Wasiak] Why are there differences?

[Krzaklewski] I believe that they pertain to various ideas concerning statutes and programs. Other unions clearly prefer to press for higher wages irrespective of what political and social consequences that may have for the transition to democracy.

As far as the free trade unions or "Solidarity 80" are concerned, then apart from the differences I have already mentioned, their emergence was also the result of personal animosities in which I was fortunately not involved. The operation of similar mechanisms has affected many political parties in Poland. They are still not parties in the classic sense—that is based around programs and ideologies—but are based around personalities.

However, it is worth noting the postcommunist trade unions. We know almost everything about the National Trade Union Confederation, and that is why I would like to say something about the others. Their structures were formed in the most strategic areas of the economy and they have made use of freedom and the exceptional democracy of a period of transition. Regarding trade union movements, we are paying a price for authenticity. We are paying for the fact that there was no formal break with a legal and constitutional maze.

[Wasiak] What are the costs?

[Krzaklewski] One of the costs is the very great danger that public life will become destabilized. The situation at Polish State Railroads [PKP] can serve as an example.

"Solidarity" structures and the Federation of Polish State Railroads Employees are the main union organizations within the PKP. However, there are at least six other postcommunist structures that have between several hundred and several thousand members. In talks on a nationwide agreement, they have as much of a say as unions that have between 100,000 and 200,000 members. More often that not, these small structures are connected with one particular occupation. The collective agreements, however, concern the distribution of the assets of the entire railroad system.

That should be put right, if only by seeing to the formation of representative union structures.

[Wasiak] Will settling these matters solve our social and economic problems?

[Krzaklewski] The basic issue regarding the condition of the union, which is how we started our conversation, is whether it exists within a well defined legal form. What is both bad for the people and the country is a situation in which the unions do not have an opposite number in the form of an employer who is defined properly in terms of the law, structures, and capital.

A triangular structure composed of the state, an association representing employers, and the trade unions is needed to stabilize the situation in the country. We need a law on plant and sectoral collective agreements. The employer is defined when the owner has been defined.

The present situation is reminiscent of a marriage in which there is only one partner. There is no employer with whom you can be in in conflict within the framework of the law and statutes, an employer who can at times be can forced into a corner, an employer for whom, when he is economically weak, understanding can be shown so that demands can be curbed, because too tough a campaign could threaten jobs. However, there finally has to be someone in that role of employer-owner because we do not have one today, and that is what causes enormous confusion, not only for trade union activity but in social and economic life, too.

[Wasiak] So what has to be done to improve the situation?

[Krzaklewski] As a union participating in reform, we have created and are still creating the substantive elements underpinning a package of appropriate union and employee legislation. The laws on trade unions and on the resolution of collective disputes were produced on our initiative.

A law on plant collective agreements, which will be the quintessence of union activity, has been drawn up and has been waiting to go before the Sejm for the past year.

It is not only a question of wage agreements, but also of an obligation, which would be binding on both employers and unions, to negotiate and work out agreements covering a range of subjects. It provides the kind of framework that regulates social and economic life the world over and that is because it is conducive to producing concrete economic and social effects. Similarly, well defined negotiations and collective agreements help protect the employee in his role as an active participant.

"Solidarity" is a special union in this respect because one union structure cannot articulate demands at the expense of another structure, even ones that are in keeping with the means available to an employer and the law. We have a statutory obligation to work out joint positions, which is something that federative structures generally do not do.

That is how we are translating the principles of solidarity into a new setting. Unionists in other countries were rather surprised that we do not have a federative structure. Now they are beginning to envy us. The individualization of union demands saps trade union strength because everyone tries to acquire gains for himself, which is something that the employer eagerly exploits.

[Wasiak] In light of this, talking about one particular branch of industry no longer seems to make any sense. However, I wanted to ask for an assessment of the situation in the defense industry.

[Krzaklewski] The solutions regarding the defense industry do run counter to anything in other branches of industry.

First and foremost, we are waiting for a decision on whether the Polish defense industry is to exist or not. If it is to exist, then we are waiting for further decisions concerning the plants that are to be liquidated, what funds will made available for restructuring the plants that remain, and finally, how restructuring is to be carried out.

We will accept even the most painful decisions, but decisions must finally be made. They should be of a formal nature. They should be accompanied by provisions on protecting employees and their families for a transition period.

On the other hand, we find ourselves in a paradoxical situation. This year, orders placed with the defense industry may amount to no more than a quarter or a fifth of what was expected. Orders placed with the aviation industry amount to a little over 200 billion zlotys, which is barely enough for eight aircraft. whereas we need at least 20 helicopters alone.

There is no money in the budget. On the other hand, there are debts, which were mainly incurred by the Soviets. However, if no decision is made quickly, then 13,000 people will be laid off at these plants. According to the figures that I have been given by experts, the cost of unemployment benefits and severance pay will amount to 320 billion zlotys alone. The cost of closing the Transportation Equipment Plant in Mielec stands at over 1 trillion zlotys.

So, perhaps during this transition period, the money that is needed to close plants and to cover the cost of severance pay and unemployment benefits could be used to place orders. People will keep jobs, the defense industry will not collapse, and excellent specialists will not leave. It turns out that the Transportation Equipment Plant in Rzeszow could receive a significant number of conventional, non-military orders, but it has a shortage of foundry workers, because it sacked them five months ago!

Let us think about whether it would not be worthwhile to transfer funds in this unconventional way? It is something that cannot be ruled out, because as far as I know the prime minister is in favor of maintaining the defense industry, and, above all, about 20 aircraft could be produced for the money.

[Wasiak] The rapid rise in unemployment is a serious problem during this transition period. It affects many of your members. Does your union see any way of dealing with the scourge of unemployment?

[Krzaklewski] We have to wage an active struggle against unemployment. Recently, many ideas have been put forward. However, nothing has been quickly put into effect.

For example, the idea of public works in a broad sense has been obviously neglected. After all, there are investment projects in Poland for which there will always be a demand within the framework of public works. Take construction: the industry's infrastructure, roads, and highways. Loans would be available for that. Construction projects involve a lot of companies, which would have to hire people in order to fulfill contracts. We should stop viewing public works as only being about digging ditches or clearing away garbage.

On the other hand, there are certain paradoxes connected with the problem of unemployment. There is a substantial shortage of face workers in the coal industry. I also know that the Gdansk Shipyard is looking for several hundred workers. The point is that the difference between unemployment benefits combined with additional unofficial sources of income and the wages being offered to people who want to work is not great enough.

Some unemployment is the result of enterprises going bankrupt. Then there are people who choose to be unemployed or are unemployed for social reasons. This is an area in which there has to be a clear differentiation of unemployment benefit levels. Job offers should be competitive compared to unemployment benefits. If that is not the case, then there will be no factor stimulating the labor market.

Unemployment in Poland preceded the emergence of a labor market, and that is our problem. Current unemployment is also a consequence of concealed, structural unemployment. The entire Polish crisis has a structural character.

The structure of our production was programmed to fall in line with the interests of the Soviet Union. Previously, political blackmail was used to ensure that our goods would be sold to the USSR. Now there is the problem of the economic weakness of the former USSR and its lack of funds to buy goods. Most trade is conducted on a barter basis.

Unfortunately, our plants were linked to the Soviet economy in a "fatal embrace" and that has now caused their "fatal" collapse.

That is why defense industry enterprises are trying to diversify into accepting non-military orders. This is true of high technology plants. It provides them with a chance of recovery, but they have to be finally provided with a general plan for restructuring. The most painful thing is that people are being left without any information about the future and without any decisions about the future of their plants.

[Wasiak] That leads to dissatisfaction, which results in strikes.

[Krzaklewski] Strikes have two basic causes. The recent increase in energy prices is one cause. Many families already run out of money by the 25th of each month. They will have to spend an additional 300,000 to 400,000 zlotys, and that is as much as they can take.

The second problem is that the new government is not making any decisions regarding plants and whole branches of industry although it owns them. It is delaying decisions, saying that a program has to be worked out first. This creates tension, because a parent body or ministry that is responsible for a particular sector has to manage and intervene on an on-going basis. There cannot be a delay of six weeks and then a program is put forward that is supposed to provide an antidote for everything. It could be too late by then, a plant or an industry might collapse, not for purely economic reasons, but because the owner has failed to make a decision.

I am trying to work out why yet another government is putting off making decisions. Ownership transformation through liquidation has a price, but essentially it provides a legal safeguard for employees when an enterprise is going bankrupt. It is painful, but it is at least a formal safeguard.

[Krzaklewski] Tensions also arise because owners or employers are ill-defined and no one else wants to or is forced to make decisions. Directors often lack decision-making powers or their decisions have to be approved at a higher level.

This applies to, for example, bank guarantees for investment or restructuring loans. Many plants run into difficulties because although they have orders, they lack money for raw materials. In these instances, they should be immediately granted production loans, and those loans should be guaranteed.

On the other hand, the state's ability to grant guarantees is restricted by the budget. So, it is even necessary to draw on strategic reserves, because that is what the situation dictates. There should also be an active information policy regarding opportunities to obtain loans. It is often still the case in our country that access to loans is based on protectionism or even depends on old nomenklatura ties. That is very dangerous for political and economic reasons.

[Wasiak] Representatives of the banking community have just left your office. Did you discuss these problems with them?

[Krzaklewski] They described the current situation in very dramatic terms. The banks are controlled by their nouveaux riches owners. The old arrangements still function very much in them. That even constitutes a strategic political problem.

Among those fundamental problems facing Poland that require rapid decisions are the following: policy on industry, fiscal matters (exacting the payment of taxes, anticorruption legislation) as well as banking legislation. The Polish National Bank is still without a president. The Supreme Chamber of Control is in a similar position. This is the case with those areas where dissolving nomenklatura setups poses the greatest problems. It is a consequence of the contractual Sejm's two years in office, a period that is still bearing fruit in abundance, but fruit posing a danger to the Republic.

[Wasiak] Thank you.

## Trade Union Leader Views Socioeconomic Policy

*AU1902192592 Warsaw POLSKA ZBROJNA in Polish 13 Feb 92 p 3*

[Interview with Ewa Spychalska, chairman of the All-Polish Trade Union Accord, by Ryszard Choroszy; place and date not given: "Let Us Pay What The Work Is Worth"]

[Excerpts] [Choroszy] In the January warning strike, the demands of the All-Polish Trade Union Accord [OPZZ] went further than those of Solidarity, because they were aimed against the provisional budget, i.e. indirectly against the government, which considers the trade union demands justified and says that the provisional budget is a necessary evil bequeathed by the previous government. The conclusion from this is that the more submissive the government, the greater its troubles.

[Spychalska] That seems to be a misunderstanding. To understand the entire issue, it is necessary to hark back to the 19 December 1991 OPZZ Council meeting. We were already aware that the outgoing government was preparing draft legislation. We were concerned about some of the proposals in the provisional budget for the first quarter of 1992, and we resolved that if the situation poses a threat to society, we will conduct various form of protest action, ranging from work stoppages right up to a general strike.

[Choroszy] That is a serious weapon in the hands of a trade union, a weapon that should only be used as a last resort.

[Spychalska] Yes, that is also what we think. As OPZZ chairman, I will do everything I can to prevent a general strike. There are many other methods of action available to a trade union as a representation of the huge majority of working people vis-a-vis their employer which, in most cases, is still the government. In such a situation, the warning strike, of one hour's duration at the most, with little disruption to work, does not cause any tangible damage to the economy. [passage omitted]

[Choroszy] Soon the government will present its socioeconomic policy for the next few years. What possible provisions might the OPZZ disagree with, or what provisions would it like to see?

[Spychalska] If the socioeconomic policy fails to propose a market orientation of employment, in other words an amendment and modernization of collective labor agreements, then I think it would be in the interests of all trade unions to put pressure on the government to amend these agreements. On the road to a market economy one cannot forget work, the greatest asset of any state.

[Choroszy] This state, in which the trade unions are particularly strong and influential, is in an economic crisis. History teaches us that in situations like this it is essential to reach a compromise and abandon many powers and privileges. Is the OPZZ prepared to conclude such a social contract, and if so, on what terms?

[Spychalska] Yes, we can proceed in that direction. There is no reason why we cannot sit down with representatives of the government and review various kinds of privileges, but on one condition, that unjustified wages be abandoned. Let us pay what the work is worth.

## Serbia's Milosevic Arrives in Bucharest 20 Feb

### Holds Talks With Iliescu

*AU2002145492 Bucharest Radio Romania Network in Romanian 1100 GMT 20 Feb 92*

[Text] Serbia's president, Mr. Slobodan Milosevic, who is paying a visit to Romania at the invitation of President Ion Iliescu, arrived in Bucharest today. He was welcomed at Otopeni Airport by the minister of foreign affairs, Mr. Adrian Nastase.

The official welcoming ceremony took place at Cotroceni Palace [presidency seat] where talks are taking place between the two presidents. The talks are being attended by the foreign ministers of the two countries, Vladislav Jovanovic and Adrian Nastase; Ioan Mircea Pascu, presidential counselor; the leaders of the diplomatic missions in Belgrade and Bucharest, Desimir Jevtic and Constantin Girda; and other officials.

### Presidents Hold Joint Briefing

*AU2002155692 Bucharest Radio Romania Network in Romanian 1400 GMT 20 Feb 92*

[Text] Talks were held this afternoon at Cotroceni Palace between Romania's President Mr. Ion Iliescu and Serbia's President Mr. Slobodan Milosevic. The talks were attended by the two countries' foreign ministers, Adrian Nastase and Vladislav Jovanovic, as well as by Mr. Ioan Mircea Pascu, presidential counselor, the leaders of the diplomatic missions in Belgrade and Bucharest, and other officials. At the end of the meeting, the two presidents gave a news conference in which they made the following statements:

[Begin Iliescu recording] You are all present here at the conclusion of talks with Serbian President Milosevic. His visit is part and parcel of the traditional ties between our countries, which are based on good-neighborliness, good understanding, mutual respect, and solidarity. Consequently, the visit is an expression of these feelings and of the good rapport that has always characterized our ties, and an expression of our mutual desire to consolidate and develop our relations, by taking into consideration developments in each of our countries and the overall international economic situation—with both its favorable and unfavorable aspects—in which we both operate.

First of all, we briefed each other on current problems in our countries. We presented the development stage of political and economic life in the country, as well as the hardships and confrontations of this period. Mr. Milosevic briefed me on the problems facing Yugoslavia and other specific problems related to internal developments there and to the independence proclamations by several republics. Therefore we should take into consideration—something which the Yugoslav leadership and the federal organs also do—one should respect the peoples' right to self-determination while also taking into account the political will to preserve Yugoslavia's continuity as a legal entity. We were briefed on how these problems are being broached, and we also discussed matters pertaining to our bilateral cooperation and common efforts to ensure stability in this European region as a contribution to all-European stability. Therefore, this was the framework of our discussions and mutual briefing. [end recording]

[Begin Milosevic recording, in Serbo-Croatian with simultaneous translation into Romanian] First of all, allow me to thank Mr. President Iliescu for the hospitality extended to us and the invitation to visit Romania. Relations with one's neighbors is the most important aspect of any country's international relations. When we talk about Romania, we are talking about a country with which we have never had any military confrontation nor fought any wars; we are referring to a neighbor with whom we have had broad economic and cultural relations, which we are deeply interested in further developing. We have common interest in a whole number of joint projects such as Iron Gates I and Iron Gates II power stations, but we are not limiting ourselves to just that. We also attach great importance to the growing trade between our countries and are very satisfied with the opportunities to further develop all these cooperation ventures. We also take the improved status and the radically improved situation of the Serbian minority in Romania into consideration. We talked about this improved situation and about new ways and means to support this minority in developing and asserting its national identity, by expanding education possibilities in its mother tongue and by opening a cultural center in Timisoara. In all these respects, I have to express my gratitude for the support we have received from Mr. President Iliescu. We are very pleased with Romania's position vis-a-vis the situation in Yugoslavia and with Romania's positive stand regarding the continuity of the Yugoslav state and the maintenance and development of the Yugoslav state as an international legal entity. There is no doubt that the maintenance and continuity of the Yugoslav state is a most important issue for the peoples wishing to live together in this state; consequently, we are very satisfied that Romania further supports the continuity of the Yugoslav state, which is also an element of stability in the region. [end recording]

After these statements, the two presidents answered journalists' questions.

### Milosevic Reviews Talks, Visit

*AU2002211592 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 20 Feb 92*

["Excerpts" from the statement by Serbian President Slobodan Milosevic at a news conference in Bucharest on 20 February—recorded]

[Text] The largest part of our talks developed [Milosevic corrects himself] concerned economic relations between our countries. You have correctly estimated the degree,

that is, the level of Serbia's participation in the economic relations with Romania. However, this is a modest beginning of a developed cooperation that is to follow, because there are many projects that can be realized and that could improve both countries' economies. We have mentioned the conclusion of the construction of the Iron Gate II and the (?construction) of the railroad over the Iron Gate Hydroelectric Power Plant, which should in fact result in considerable savings on both sides and jointly discussed the questions of the Black Sea zone and many other questions that would be difficult to number here. Let me put it briefly: We have agreed that the two governments' expert groups should examine all individual projects that can be of interest to both sides and whose realization can contribute to an improvement of both economies.

I must say that I can evaluate the role of the United States through their remarks about the behavior of the EC and through the role of Cyrus Vance, special envoy to the UN secretary general and an eminent American politician, to be constructive and positive. Namely, the early recognitions have taken place despite the initial stand of the European Conference that one should first reach a peaceful and complete agreement on Yugoslavia and even that unilateral secessionist acts should be condemned. Therefore, immediately after these recognitions, it has become clear that recognition has not solved any Yugoslav problem, but on the contrary, these hurried and premature acts of recognition have contributed to further complicating the crisis. I hope that the European Conference will go back to its initial principles because it could then be concluded successfully on these bases, including equal treatment of all participants of the conference and of all options offered in conformity with the will of the peoples living in Yugoslavia.

As you can see, the people in the Krajinas do not share this assessment that you mentioned to the effect that Serbian leadership has issued an order to the Krajinas. Namely, I would say that the entire Serbian people cannot share this assessment because how can peace and the protection of Serbian Krajinas by peace be considered treason? By the way, the arrival of the blue helmets and the decision that we hope will be made very soon will in fact represent that point in time after which genocide against the Serbian people in Croatia—something that they were submitted to in the past months and years for the third time in this century—will never be able to be repeated.

This means that the conditions for solving the crisis in a peaceful way are yet to be created and everybody can undoubtedly see that it is logical and just that after the peacekeeping forces are deployed, the legitimate representatives of the Serbian people; that is, the entire population in the zones under the UN protection should negotiate about their future, their future status, and their future destiny. This is something that everybody who is oriented toward democratic solutions and who thinks that people should have equal rights can expect.

I think that the appointment of the Indian general is one more act manifesting the impartial position of the United Nations. I must express great satisfaction about the decision of the UN secretary general to propose an Indian general because that general is coming from a country we respect very much, from one of the largest countries of the world, and I am sure that he will act in conformity with his country's policy and the impartial and objective position that it represents.

I will tell you very briefly the following: Hungary's unconstructive behavior toward the Yugoslav crisis—ranging from the exports of weapons to some other gestures during the evolution of the crisis—can by no means be assessed positively. However, I hope that Hungary, as our northern neighbor, will respect both its own and our interests in creating good-neighborly relations and that this what was happening over past months was only a passing episode in our relations which have by the way been very good over a number of years.

Yugoslavia, as the subject of international law, has existed since 1918. The fact that some peoples and some republics, using and abusing their right to self-determination, decided to leave Yugoslavia, that is, to secede does not mean that this right to secession can be smaller than the right to loyalty to the existing state and the protection of its continuity. [sentence as heard]

We cannot cease to exist because of the secession of some republics. I would like to remind you of the historical facts that Serbia existed as an independent state before the creation of Yugoslavia in 1918. Montenegro, too, existed as an independent state. It is in fact these two republics that are firmly committed to the preservation of Yugoslavia's continuity.

Therefore, regarding our continuity, it goes further back than the beginning of Yugoslavia's creation. Yugoslavia has in fact inherited the international-legal status from these states. Therefore, there can be no explanation as to why those from whom Yugoslavia inherited its international-legal status would lose this joint international-legal status enjoyed by Yugoslavia because some republics that make up Yugoslavia have decided to secede.

I know for sure that the Croatian authorities' formations included mercenaries, that is to say, that in the attacks on the territories with compact Serb populations the Croatian authorities used mercenaries. As you know, mercenary armies are forbidden by the UN documents, and, as you know, mercenaries are considered to be an army that is outside law. However, regarding the conduct of the Yugoslav People's Army, I am sure that it has treated all prisoners equally.

## Daily Views FSN Popularity Decline

*AU2102093592 Bucharest ADEVARUL in Romanian 14 Feb 92 p 1*

[Victor Nitelea article: "The 'Price' the Front Paid in the First Round of Elections"]

[Text] Confirming forecasts—some of them scientific ones, others out of common sense—the results of the 9 February elections indicate a significant decline in the popularity of the National Salvation Front [FSN] in big cities. Unfortunately, as on 20 May [1990], this poll is less of an election than a rejection. We should sooner say that some (the FSN in the first round of the polls) lost than state that others won.

How can these election results be interpreted? Certainly, from an organizational point of view, the Front is the most widely represented party with supporters in practically all constituencies. Politically speaking, the election results can be interpreted—we believe—as a rejection of the central leaders, but also as an acceptance of the local FSN leaders. For in small communities the Front is identified with the local leader, whom many people know personally or at least know what his reputation is, and who very often is a person enjoying a clear-cut informal authority. In big communities, the citizen's relationship with the local leader is usually impersonal; the latter reflects the light—or shade—cast by the leaders in Bucharest.

No matter how much the Front tries to juggle the figures or present overall counts, when it comes to the number of mayors—when collating Timisoara and Scaeni—the result is clear-cut: A significant section of the electorate is either disappointed with the government activity of the past two years or, at least, hopes for a better performance by other political formations. Thus, the inevitable consequence for the Front is a natural decline in its popularity, which is also due to the fact that it is governing under conditions of crisis and reform. However, it is also due to its own errors and negligence. It is paying because it permitted the infiltration (as happened, in fact, with all parties, but in the case of the ruling party it is a more serious thing) of opportunists, go-getters, egotists, but especially because it did not do anything to uncover and to eliminate them once they were uncovered. It is paying for its inconsistent political line: Yesterday social-democrat, today liberal, and tomorrow... who knows? It is paying for not honoring the explicit or implicit promises of 20 May, especially regarding social protection. It is paying for demagogy: Just recall the repeated tirades of the former prime minister against bureaucracy, blockages, and the corruption of the administrative apparatus. Who was it that gave these people their jobs and who was entitled to remove them?

Apparently, the day the results of the first round of elections became clear, the FSN parliamentarians had a bad day. We are sorry for those parliamentarians who have done something to ensure a solid legal system in our country. We are sorry for some of the FSN mayoral candidates who were eliminated from the contest in big cities; in our opinion, which we gained on the spot, at least in some municipalities they would have been a positive choice for their fellow citizens. However, one thing is surprising, namely that the election results came as a surprise for these people.

Considering the political realities as described above, what else did they expect?

## Interrepublic

### Montenegrin Businesses Urge Ties With Slovenia

*92BA0489A Ljubljana DELO in Slovene*
*4 Feb 92 p 4*

[Article by Branko Jokic: "Obod Will Not Give Up Trade With Slovenia"]

[Text] Numerous Montenegrin enterprises are calling for a renewal of economic and monetary flows; fear of tariffs.

Cetinje, 3 Feb—The general director of Cetinje's Obod, Momcilo Dapcevic, told us that this well-known Montenegrin household appliance factory, in spite of the "unpleasant" political events, has not interrupted its longstanding cooperation with the Slovene economy and market for a single instant.

Obod receives more than half of the components for manufacturing household appliances from Slovenia. As Dapcevic confirmed for us, this is not because they could not purchase the components from other producers, but rather because the terms offered by the Slovene producers are more favorable for them. That will also be the case in the future. They would only give up purchasing goods from Slovenia in the event that Slovenia introduced customs duties on goods exported to the Montenegrin market. That would be too expensive for Obod.

The factory director mentioned in particular the good relations with the TGA [alumina and aluminum works] factory in Kidricevo (from which they buy evaporation boilers), and also with Metalfax in Tolmin, Rotomehaniko in Idrija, and other producers. They have already talked about the contracts for this year, although there will be fewer of them than in previous years, because Obod is operating with reduced capacity.

Dapcevic also confirmed the fact that Obod would like to sell its products in the Slovene market by noting that it had maintained its representation and service center in Maribor, and in addition, it had already bought several places for its trucks for each trip on the ferry that would start to sail the short distance from Bar to Trieste. It is now transporting its products through Hungary, which makes shipping substantially more expensive.

Other economic collectives in Montenegro are more and more frequently publicly calling upon the republic's state and economic leadership to renew economic and monetary flows with Slovenia.

## Bosnia-Hercegovina

### Tudjman's Ideas on Division Rejected

*92BA0510A Belgrade BORBA in Serbo-Croatian*
*12 Feb 92 p 7*

[Interview with Dr. Davor Perinovic, leader of the Croatian Rights Party for Bosnia, by Ejub Stitkovac; place and date not given: "No One Can Divide Bosnia"]

[Text] "I am absolutely convinced that the war is over in Croatia and precluded in Bosnia-Hercegovina [B-H]." This assessment comes from Dr. Davor Perinovic, leader of the Croatian Rights Party [HSP] for Bosnia and the founder of the Croatian Democratic Community [HDZ] in this republic whom President Tudjman replaced overnight, accusing him, first, of being an Ustasha and then that he has Serbian blood in his veins. His party has more than 100,000 members in the central republic, most of all in western Hercegovina, eastern Bosnia, but also in other areas. Even in this interview he indicates that one of Tudjman's chief objectives is to bring about bloodshed in B-H and "in that respect we dare not underestimate him at all. Every three days he announces that they will be knee-deep in blood in Bosnia and that terrorist actions by his people can be anticipated to a certainty." Perinovic sees the breakup of the coalition between the HDZ and Democratic Action Party [SDA] as yet another attempt to cause bloodshed in Bosnia. He says that the position of the HSP is now very strong and he will do everything to prevent those actions. There will also be other "games."

Perinovic believes that Tudjman's ideas about setting B-H afire have fallen through and that everything he is doing now is a lamentation. The public's attention has been drawn to the quite important personnel changes in the HSP and the expulsion of certain people from it—among them, Alija Siljak, one of the organizers of the armed formations of that party in Foca, and then a considerable number of members said to have even thrown bombs in certain places.

#### Leaders With Ties to Counterintelligence

"Our bylaws and rules of behavior are very clear; we are fighting for our objectives by political means, not by violent means at all. That is the reason for the expulsion of several people from our party who simply were not abiding by those rules. All those who equated the HSP with an Ustasha terrorist organization were expelled. Such people have nothing to expect from us. They have caused us great political harm."

[Stitkovac] Surely not all of your people have complied with the bylaws?

[Perinovic] We do not hide the fact that there have been individuals who did not comply with the strict rules of behavior. It is essential that we detected them. Anyone who threw a bomb except in an area where the war was going on has automatically violated those rules and is leaving the party. The strictness is closely bound up with our desire to win over even the Serbs in Croatia when we come to power. The voice of one Serb is worth just as much as that of one Croat, especially when it is born in mind that we are not an ethnic party.

As soon as our party became influential, attempts were made to infiltrate it with agents to provoke various outrages so that the public would get the wrong picture of us. Their purpose was to frighten the Serbian people as much as possible so that they would turn against us.

[Stitkovac] Are you also thinking of the extremist members of the HDZ?

[Perinovic] Yes, certainly. We have information that certain leaders in the HDZ have ties with the KOS [counterintelligence service]. Those were all attempts to use those infiltrated people to operate so the public would see us as something we really are not. All such people have been expelled from our party. Some of them have behaved truly scandalously.

**The Streets Cannot Be Divided**

[Stitkovac] Mr. Paraga will soon be coming to Sarajevo, as you have announced, to meet with Alija Izetbegovic, leader of the SDA. Is this in connection with some new coalition because the HDZ-SDA coalition has fallen through?

[Perinovic] We started out as a party of the Croat-Muslim coalition. About 70 percent of the members of our Sarajevo chapter are Muslims. Likewise, the percentage is high in certain regions. Because we are a party of the Croat-Muslim coalition, we have very good collaboration with the SDA.

[Stitkovac] What features do the HSP and SDA have in common?

[Perinovic] Our party is very close to a civil option, and the SDA is trying to be a civil party. What brings us closest of all at this point is that we are against the division of B-H. We are categorically opposed to that. We are very happy that there are more and more members of the Serbian people who are against that division. No one can divide B-H, because that would mean dividing up the streets... that is impossible. Splintering it would have disastrous consequences.

[Stitkovac] Now all the similarities and differences are showing up in the referendum that has been announced in the republic.

[Perinovic] We have talked about that very thoroughly in Zagreb and concluded that all the members of the HSP, and I think even the entire Croatian people in Bosnia-Hercegovina, will vote in the referendum, and all of them, I am convinced, will vote for a sovereign republic.

[Stitkovac] But your party, as far as I know, favors holding a later referendum on annexing B-H to Croatia.

[Perinovic] Right. We have decided to vote in the referendum, but that after this referendum a new one should be scheduled in six months in which a decision would be made, as I would put it, concerning a community between Croatia and B-H.

We will be working in favor of association of the two republics. They have a high degree of linkage. Just look at how many people from western Bosnia were working or are working in Croatia. Now about 100,000 of those people have been left unemployed because of the state of war. This does not involve the ethnic factor as much as that other economic factor.

**Businessmen From Hong Kong**

[Stitkovac] What, then, about the Serbs, who are looking to Serbia?

[Perinovic] We will remain open to all talks related to this referendum. In order to achieve "linkage" of B-H to Croatia, we must gain the confidence of the Serbs, because this could not be achieved otherwise by peaceful means, and we are exclusively for peaceful settlement of all issues. In politics, you should never say "never." We want to attract people to our party exclusively with our economic policy. If we improve the standard of living of everyone, and that also means the Serbs, they will vote for whoever does that. That is a big job.

Many very important businessmen from Hong Kong have been coming to us, asking when this peace is going to be stable and telling us that they would come in with $3-4 billion in capital that they would invest in B-H. You can easily imagine what all of that would mean for us.

[Stitkovac] The HSP is markedly rightwing. You have very good collaboration with the Serbian right in B-H?

[Perinovic] There are completely mistaken ideas about the right. Our brains were washed for a long time. It will be sufficient for me to say that Hitler's party was extremely leftwing—it was called the National Socialist German Worker Party. You know what kind of atrocities it committed. The left has no tolerance for different opinions. The left caused this war by looking at the people who were in power in Croatia and Serbia.

I proudly stress that we are the extreme right and advocate the rights of the individual. After all, the right is based on the individual, on human rights. All states which the left has created have failed. Socialist Yugoslavia is another example of that. Many historians say that if it had not been for World War II the old Yugoslavia would have existed to this very day.

I do not conceal the fact that we are a conservative party, because we favor a strong and firm family. Every rightwing party has the same or very similar views. That is why it is quite understandable that we collaborate very well here with the Serbian right. That cooperation is gaining in breadth. It is no longer a question of just the region of Bosnia-Hercegovina.

**[Box, p 7]**

**Serb Members of the HSP**

Your readers will certainly be surprised if I say that there are more and more Serbs in our party. Some people from here saw that for themselves when they were on the battlefield in Dubrovnik. They met members of the HOS [Croatian Armed Forces] there who are Serbs, but who consider Croatia their homeland. The first HOSite who

died in the defense of Vukovar was a Serb. He was an excellent fighting man. The president of our chapter in Velika Gorica, near Zagreb, is a Serb. There are quite a few Serbs in the party itself in Zagreb. One other figure, 12 very prestigious Serbs from Zagreb each gave our party 10,000 marks in aid. So, they did not give it to Tudjman. We anticipate an influx of Serbian intellectuals in Sarajevo. We already have several Serbian members here, but they still are not appearing in public because of this situation.

**[Box, p 7]**

**The Atrocity in Gospic**

[Stitkovac] People in your party have revealed certain atrocities against Serbs in the present (former) war.

[Perinovic] Yes, we revealed that horrible atrocity against 78 of the most prestigious Serbs in Gospic. One night they seized them and massacred them. We are the only Croatian party which has officially demanded that the Assembly look into this and publicly raise the issue of the atrocities against the Serbs in Croatia.

## Croatia

### Weekly Announces New Foreign Affairs Minister

*LD2002093592 Belgrade TANJUG Domestic Service in Serbo-Croatian 0848 GMT 20 Feb 92*

[Text] Zagreb, 20 Feb (TANJUG)—The Zagreb weekly GLOBUS today carried the exclusive news that Croatia "has unexpectedly acquired a new foreign affairs minister," in Dr. Mate Granic, who is also deputy prime minister. Granic, replying to a question from the GLOBUS journalist, confirmed that it had been proposed to him that he take over this post, with the proviso that having taken up this office he would continue to remain deputy prime minister. He also stated that Dr. Zvonimir Separovic, the present minister of foreign affairs of Croatia, "would most probably be the Croatian envoy in New York."

### German MiG-21's, Personnel May Be Delivered

*92BA0509B Belgrade BORBA in Serbo-Croatian 13 Feb 92 p 14*

[Article by Miodrag Dinic: "Arms From the Other Side of the Wall"]

[Text] "Germany promised that in case of renewed attacks of the Yugoslav Air Force, it would immediately deliver to Croatia MiG-21's of the former East German Air Force," one of those selling weapons to Croatia has said, according to the London GUARDIAN. Milan Macek, commander of the Croatian armed forces, has made statements that can confirm that this statement is realistic; he says that in a few weeks Croatia will have its own air force, and that it already has trained pilots.

In the opinion of military analysts, the military arsenal of the former East German Army is ideal for sale to all those whose concept of armed forces is based on the foundations of Soviet armament. In late 1989, the German People's Army had 3,140 medium tanks, 5,350 armored combat vehicles, 1,050 scout cars, 1,260 artillery guns, 80 tactical rocket launchers, 300 antitank missile systems, 360 combat airplanes, 112 armed helicopters, 19 frigates, 38 patrol and coastal boats, 42 minelayers, 12 amphibian vessels, and 6 support vessels.

All of this indicates that the government of Unified Germany possesses a surplus of military hardware, part of which is out-of-date, and the rest does not suit the present standardization of German weapons according to the NATO military concept. That is why it is understandable that it will be sold to all interested parties. Croatia is also on that list.

But because the UN embargo does not allow the sale of arms to Croatia, the government in Zagreb cannot buy arms legally. That is why from now on purchasers of weapons will be found on the other side of the demolished Berlin wall, and their main earnings will be based on the illegal sale of military hardware.

By all appearances, the weapons of the former East German Army are reaching Croatia, and Bonn knows it, but from the legal standpoint the facts do not exist for charging the German Government. Political ethics is another matter, but it is illusory to speak of it, because interest is always in the first place.

According to one major of the Yugoslav People's Army [JNA], the armed forces of Croatia have in recent months also been receiving officers of the disbanded East German Army. There has been talk that no more than about 50,000 of them will be included in the Bundeswehr. According to allegations of the Bonn government, the younger officers are supposed to be offered a two-year trial period, while the older ones would be retired. Because this has not entirely come about, many officers of East Germany have been left unemployed. Nevertheless, they have been offered a place in the Croatian army by way of certain military circles.

It is obvious that the top military leadership of Croatia is relying primarily on weapons and military personnel from the other side of the wall, but also on former officers of the JNA and hardware taken away from the Yugoslav Army. As for weapons, this is understandable, because there is a need to think about spare parts for combat equipment, and as for the officers, their experience with weapons with which they are familiar is important.

But a dilemma remains: Can communist officers, whether they have fled from the JNA or come from East Germany, be the personnel for command and direction of the armed forces of a state that their president, Franjo Tudjman, says is a democratic and modern European state that has demolished communism?

## Authorities Express Doubts About UN Plan

*LD2002142792 Belgrade TANJUG Domestic Service in Serbo-Croatian 1324 GMT 20 Feb 92*

[Text] Zagreb, 20 Feb (TANJUG)—Today, again, the Croatian authority expressed certain reservations towards the peacekeeping forces, claiming that their arrival "still leaves some details unfinished," especially concerning local authority and local police in the municipalities which are out of Croatia's control. Drago Krpina, deputy chairman of the Executive Committee of the Croatian Democratic Community [HDZ—Hrvatska Demokratska Zajednica], said this today at the regular news conference, but he also expressed conviction that after the departure of the peacekeeping forces, the newly appointed commissioner of the Croatian Government for Knin "will perform his duties in Knin." Krpina said that the process of the takeover of authority in "the occupied areas," with the assistance of the peacekeeping forces, "should not be considered static, but dynamic." He explained this by saying that "the aggressive attitude which the leaders of the occupied municipalities are displaying will increasingly soften as the support from Serbia dries up."

## Reconstruction Minister on Housing for Refugees

*92BA0507B Zagreb VJESNIK in Serbo-Croatian 1 Feb 92 p 3*

[Interview with Slavko Degoricija, Croatian minister of reconstruction, by Goranka Juresko; place and date not given: "Pakrac, Lipik, and Lipa To Start With"]

[Text] Right now consideration is being given to the possibility of acquiring, either by donations or purchase, prefabricated shelters and camping huts that would be set up in the immediate vicinity of the destroyed homes, in order to allow the owners to return; currently offers for 12,000 such facilities, which would be located in rural settlements within as soon as 30 days, are being considered.

Zagreb—As many as 700,000 people had to flee their homes, literally in order to save their bare lives. Everything that people had acquired for years disappeared with one explosion of a grenade or mine, children were left without kindergartens or schools, and employees were left without work.... The figures are relentless, and the latest data indicate that the total estimated damage has reached $20 billion. There have been 210,000 housing units destroyed, 50,000 of which were family homes. Also destroyed were 510 cultural monuments, 13 hospitals, 204 elementary schools, 61 secondary schools, and 17 colleges, and this does not complete the numbers. In short, the Ministry of Reconstruction has its hands full with work. We asked Minister of Reconstruction Slavko Degoricija what was being done and when the first sizable groups could return to their homes, and to which areas.

[Degoricija] Of 102 Croatian opstinas, 40 have been caught up in the war, or a total of 36 percent of Croatia's territory. Nineteen opstinas have suffered partial war damage, and 15 are still under occupation. That is why, until the war is completely over and Croatia establishes full control over its entire territory, one can hardly speak of the overall return of the expatriates and refugees. Nevertheless, in the part that the Croatian army recently liberated, such as Pakrac, Lipik, and part of Lika, and where combat operations have ceased, one can consider a return, but an organized one, with basic living and working conditions ensured.

[Juresko] Has anything specific already been undertaken precisely to secure conditions in the destroyed towns?

[Degoricija] Right now consideration is being given to acquiring, either by donations or purchase, prefabricated shelters and camping huts that would be set up in the vicinity of the destroyed houses, thus making it possible for the owners to return to their towns and restore their destroyed homes. Such facilities are produced here in Krapina, and they could also be made by 3 Maj and Industrogradnja. We have received offers from both Sweden and Germany, and we are also in contact with our businessmen in Canada. At first we assumed that about 50,000 such facilities would be needed, but currently we are considering offers for 12,000, which would be located in rural settlements as early as within 30 days.

[Juresko] There are a considerable number of houses that could be made fit for habitation in a short period. Has construction material been secured for that purpose?

[Degoricija] In addition to presenting this problem in talks with foreign delegations and agreeing in principle on the procurement of construction material, from roofs to cement, iron, timber, and ceramic products, at the same time we are also making an inventory of stocks of construction material at domestic construction enterprises. In fact, the enterprises themselves pay high interest on warehoused goods, and so it is necessary to find an opportunity for purchasing that material. Work is being done right now on equipping a glass factory in Lipik, but in order for all of this to move much faster, it is necessary to organize a reconstruction office under the opstina executive councils, in addition to the offices for refugees and expatriates that are already in operation in individual opstinas. The first such offices are already being formed in Osijek, Vinkovci, Jastrebarsko, Otocac....

[Juresko] What is the financial arrangement like, and how will the funds be collected?

[Degoricija] We have already prepared a brochure in which we presented the basic parameters, investment possibilities, and donation requirements, and sent it to various recipients. A letter is also being prepared, which we will send to the Croatian diaspora, and which will include a brief review of the damage, the priorities for reconstruction, investment possibilities, etc. We have received some offers already, but we have also received

friendly warnings that we should not consent to a "clearance sale." One of the actions that could start soon is assistance from cities of the countries that have recognized Croatia so far, by having one city build one destroyed Croatian village. One such project is being considered in Vienna right now, and the Golden Ring charitable society, which wants to assist in the reconstruction of Croatia, has also been founded in Austria. Six days ago we were visited by an Austrian delegation, which had already been in contact with several families from Pakrac and Lipik; they will help them to build houses.

[Juresko] There have been more delegations in the last few days; what sort of specific assistance have they offered?

[Degoricija] To tell the truth, there is virtually not a single day that some offer does not reach us. Thus, a woman employed at the UN visited Zagreb, and offered the idea of having 50 experts with different backgrounds help in the reconstruction of Croatia during the next six months, and they have a great deal of experience, since they worked previously on similar reconstruction projects in several other countries.

[Juresko] What are the priorities of the Ministry of Reconstruction?

[Degoricija] Naturally, the priority is the expatriates' return to their homes, because that is the only way to free up tourist facilities and use them for the purpose for which they were intended, and at the same time obtain funds for reconstruction from that. Nevertheless, their return also requires one "addition," i.e., in addition to homes, it is necessary to rebuild the economy as quickly as possible, so that people will be able to acquire the means to live. In order to achieve all this, it is necessary to provide information to the world and to our diaspora as quickly as possible, because at present the mood of people abroad is such that a great deal can be done. That does not mean, however, that mistakes can be permitted in our haste. Inevitably, it requires full involvement from those professional institutions at home abroad which have already shown interest, but have also provided specific proposals. One such proposal has already been agreed upon and is starting to be carried out. This is the Zagreb trade fair, whose events (there are 12 of them) will bear the title "For Reconstruction." In fact, in view of the number of businessmen who come to those events, it will be an opportunity for an extremely large number of contacts and agreements. We have proposed that the Ministry of Reconstruction be a co-organizer of the events, and the government the sponsor.

## Macedonia

### President Gligorov Addresses Journalists

*AU2002164692 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 20 Feb 92*

[Boris Djordjioski report on speech by Kiro Gligorov, president of the Republic of Macedonia, with journalists in Skopje on 20 February]

[Text] Journalists will find it very difficult to send reports to their office about the one and half hour long speech by President Gligorov that would not contain the already known facts. All this demonstrates that there are essentially no major changes in Macedonian official policy, whose chief aim is to persist with demands for international recognition.

Macedonia has not been recognized because of Greece's strong opposition, or as was said, because of Greece's aggressive lobbying. It is still uncertain whether there will be any diplomatic activities and brokered negotiations between Skopje and Athens. It is also uncertain what the EC will decide in Brussels at the beginning of next month. Gligorov holds the view that the recognition of Macedonia cannot be dragged out for ever.

This is a process that cannot be stopped. Therefore, we should not be impatient. This could be interpreted as the answer to the increasingly frequently expressed criticisms by some parties from the national bloc, which think that the Macedonian leadership and diplomacy have not done much to make Europe recognize Macedonia anyway. Gligorov believes that Macedonia will be a member of the United Nations by the end of the year.

It appears that the internal problems Gligorov mentioned attracted greater attention, particularly the unenviable economic situation and probably the fear of social upheaval. Gligorov holds the view that social peace must be preserved, as democracy could otherwise be endangered. Therefore, peace must be preserved at all costs. This is a precondition for further development. In any case, democracy and poverty do not go together. It would be good if we had as few social and political problems at present as possible.

Macedonia will have its own, but numerically very small army, which will protect borders. We do not want to be burdened with the expenses for armed forces, Gligorov said.

Talks with General Adzic, scheduled to take place in Skopje tomorrow, will focus on Macedonia's demand that the Yugoslav People's Army leave the territory of Macedonia completely. Gligorov holds the view that the relocation of the Yugoslav People's Army to other republics should be brought into connection with these republics' desire to acquire the right to Yugoslavia's inheritance.

### Ethnic Commission Formed; No Serb Representatives

*LD2002102192 Belgrade TANJUG in English 1809 GMT 19 Feb 92*

[Text] Paris, Feb 19 (TANJUG)—President of the Yugoslav Republic of Macedonia Kiro Gligorov told the French Catholic daily LA CROIS that a special commission for ethnic questions has been formed in the Macedonian parliament. Gligorov underscored that the commission includes "representatives of all nationalities—Macedonians, Albanians, Turks, Romanies and others." He did not mention Serbs.

Serbs inhabit the north-eastern part of Macedonia near the city of Kumanovo and villages on Mount Skopska Crna Gora near the capital of Macedonia, Skoplje. Serbs account for 2.2 percent of Macedonia's two million 34,000 population.

The president of Macedonia, which applied to the European Community (E.C.) for recognition of sovereignty, also said that by the end of February the last soldier of the Federal Army will leave this Yugoslav republic. Gligorov on the occasion criticized the Yugoslav People's Army (JNA) "for wanting to take with it everything, even the radar and radio equipment from the airport."

"The former Yugoslavia is to blame for having created such a huge and expensive army at the detriment of the country's economic development," Kiro Gligorov said, otherwise longtime top federal official whose last post before retiring was president of the federal parliament. Otherwise, Gligorov had for years directly taken part in "shaping" the Yugoslav budget from which the "huge and expensive army" had been financed.

## Ethnic Albanians Hold Party Congress

*AU1802191592 Skopje FLAKA E VELLAZERIMIT in Albanian 12 Feb 92 pp 1,5*

[Enver Shala, Reshat Qahili report: "Nevzat Halili Elected Chairman"]

[Text] Tetovo, 11 Feb—The first congress of the Party for Democratic Prosperity [PPD] was held for two days as planned and lasted into the small hours of a third day, making many decisions concerning the party's activities in the next four years. On the morning of 10 February, after a great deal of tiring work and after four hours of waiting for the votes to be counted, a 15-member central presidium was elected by secret ballot. Nevzat Halili was elected chairman by acclamation, Sami Ibrahimi and Arif Vinca were elected deputy chairmen, and Mithat Emini was elected secretary. These officers have held these posts since the PPD's foundation and will lead the party for the next four years. The congress also approved the PPD's statute, a resolution, and other congress documents, and elected a 55-member central assembly.

The two days of the PPD's first congress and the early hours of the third day demonstrated that all the delegates had set to work with special energy to make this congress a historic event for the Albanian people in Macedonia and beyond. The large number of delegates that spoke and the great interest displayed by the Macedonian and foreign public showed that a great deal was expected from the congress. Many local and foreign guests and a large number of journalists were also present.

It is true that the congress proceedings, especially the speeches of delegates who came from all the PPD's branches and sub-branches, were expected to shed light on the rumors of splits and disagreements in this largest Albanian party in Macedonia. Some delegates also said in their speeches that it was expected that this major gathering would unravel this skein. This was especially evident in the discussion of Article 38 of the PPD Statute, which did not precisely define who elects the central presidium and the leading party officials. The solution that the congress should undertake this task was proposed and approved. Four delegates expressed disagreement with this form of election and tendered their resignations, which were not accepted by those present. All this amazed the delegates, as was evident from the speech of one of them who said that he had heard of careerism, but could now see with his own eyes how matters were dealt with in the congress hall. This was proved by the fact that the hottest topic at the congress was the appointment of officers and not the party's fruitful work and democratic aims. It is worth mentioning the case of Mithat Emini, who was under the impression that organized efforts that he considered to be a conspiracy were being mounted against him. For the sake of the smooth running of the proceedings and in order to avoid a split, he declared his readiness to withdraw his name from the list. However, the delegates opposed this during the voting and gave him a vote of confidence.

There were constructive but also overheated speeches about the documents. Nevzat Halili asked for two of his proposals to be inserted in the congress resolution: that the PPD will recognize the Republic of Macedonia on the condition that organs are created for the political and territorial autonomy of the Albanians in Macedonia; and that the PPD recognizes the Republic of Kosovo and will recognize the Republic of Macedonia if Macedonia also recognizes Kosovo. However, Habil Bexheti's speech in the discussion on the report on the party's work seemed to set the debate on different lines. Earlier speakers seemed inclined to talk about the party's work in a purely commendatory fashion, without criticism. H. Bexheti paved the way for more critical speeches, and Naser Zyberi, Muhamet Halili, Sazan Prapaniku, Xheladin Murati, etc. spoke in this vein.

Naser Zyberi said that the party has been plagued by the disease of eleventh-hour decisionmaking. The chairman's work has not been properly coordinated. Narrow circles have made important decisions, such as the decision for the referendum on the political and territorial autonomy of the Albanians in Macedonia. This leitmotif has also been present in relations between the presidium, the party, and the parliamentary group. Xheladin Murati said that we must democratize relations among ourselves. Democracy implies peace, calm, and tolerance. Unfortunately, some people merely take it as a catchphrase. Initiative and creativity are premises for democracy. He also said that we must not allow authorities to be created without reason, and that rationality must always triumph.

There were many reactions from the congress rostrum over the presidium's refusal to grant accredition to certain journalists. Muhamet Halili spoke on this question and said that when we wrote the PPD's electoral

program two years ago, we strongly stressed that discrimination is alien to the PPD and that we would commit ourselves to freedom of the written word. Unfortunately, we see today that the journalist Daut Dauti and some others have been prevented from coming to the congress. In short, the written word has been shackled and a savage process of discrimination has begun. Remarks that the Albanians must be the king post in solving the Albanian question as a whole seem to me unpleasant and bigheaded, M. Halili said. The Albanians are determined on a democratic solution to their concerns. We have neither the economy nor the resources to solve these concerns by force. History has shown us that whenever anybody has reached for weapons, he has come to a bad end. In conclusion, he said, let us leave Albanian foreign policy in peace and not give it instructions from a distance. Thanks to its experience, Albanian diplomacy is able to distinguish state interests from national interests.

After being elected PPD chairman, Nevzat Halili said in his closing speech that whatever this party has done in the past, it will commit itself to doing more in the future. Through this party, the Albanian people in Macedonia have made their mark in Europe and beyond through meetings with intellectuals and well-known state leaders from all the world. This congress has ended its proceedings with success, even though there were currents and trends pointing the congress toward failure. Antidemocratic forces wanted this.

He expressed his gratitude to all those who had contributed to the success of the congress, especially the few women present and the journalists covering it.

PPD Chairman Nevzat Halili was born in 1946 in the village of Poroj near Tetovo. He completed his primary education in his birthplace and teacher training in Tetovo, graduating from the Skopje Philological Faculty's English Department in 1970. Until assuming fulltime office as PPD chairman, he worked as an English teacher in a medical high school.

PPD Secretary Mithat Emini was born in the village of Drugova near Kicevo. He completed high school in Tetovo and graduated from the Skopje Law Faculty in 1970. He worked as a professional associate at the Tetovo Court, secretary to Tehnometal, and secretary at the Tetovo Education Authority, where he was subjected to ideological discrimination.

According to the report of the Electoral Commission, the 250 delegates to the First PPD Congress elected from a selection of candidates and by a majority of votes the following 15 central presidium members: Nevzat Halili, Mithat Emini, Mahi Nesimi (political scientist), Ilir Luma (doctor), all from Tetovo; Mevlan Tahiri (engineer), Bexhet Bexheti (lawyer), and Sami Ibrahimi (English lecturer), from Skopje; Naser Selimi (economist) and Zydi Bilalli (doctor), from Gostivar; Muhedin Bajrami from Kicevo; Mojsi Daci (lawyer) from Debar; Arif Qoku (lecturer) from Ohrid; Arif Vinca (Albanologist) from Struga; Shaban Zendeli (economist) from Kumanovo; and Qenan Hasani (journalist) for Bitola, Prilep, Krusevo, and Makedonski Brod.

### Crude Oil Delivered From Greece

*AU1902121292 Belgrade Radio Beograd Network in Serbo-Croatian 1100 GMT 19 Feb 92*

[Text] Some 40 tankers carrying crude oil for the refineries in Skopje and Pancevo crossed the Yugoslav-Greek border this morning. Since the Greek customs officers called off their strike, passenger and railroad traffic between the two countries has been running normally. Additional oil aboard ships docked at Thessalonica will likely be brought to our refineries.

## Serbia

### Communique on Milosevic Visit to Romania

*LD2002223692 Belgrade TANJUG Domestic Service in Serbo-Croatian 2052 GMT 20 Feb 92*

[Text] Belgrade, 20 Feb (TANJUG)—Serbia and Romania, as neighbors linked by stable, friendly relations and understanding, have no contentious issues in their mutual relations. This was stressed in today's talks between Slobodan Milosevic and Romanian President Ion Iliescu, according to a communique issued by the office of the Serbian president.

According to the communique, Romania also supports the orientation of Serbia and Montenegro for a common state as the legitimate bearer of the continuity of Yugoslavia. According to the communique, the talks also focused on a number of specific issues related to the promotion of economic cooperation.

The communique of the office of the Serbian president on the visit by Slobodan Milosevic to Romania reads:

Slobodan Milosevic, president of the Republic of Serbia, today spent an official visit to Romania.

In the talks held with Romanian President Ion Iliescu, in which, on our side, Serbian Foreign Minister Vladislav Jovanovic and Yugoslav Ambassador to Bucharest Desimir Jeftic, and on the Romanian side, Foreign Minister Adrian Nastase and his colleagues, also took part, there was also consideration of relations between Serbia and Romania and the current political situation in the region.

The common stand was stressed that the continuity of Yugoslavia, as the common state of the Yugoslav nations and republics that have decided to continue their equal existence within it, is of vital interest for peace and stability in the region, the prerequisite for which is the achievement of a peaceful and just solution to the Yugoslav crisis through a process of political negotiations.

In keeping with its permanent interest in the development of good-neighborly relations and cooperation with Yugoslavia, Romania supports the decision of Serbia and Montenegro in favor of a common state as the legitimate bearer of the continuity of Yugoslavia. During the meeting, there was also discussion of questions relating to regional, or Balkan and Danube region cooperation.

Serbia and Romania, as neighbors tied by stable, friendly relations and understanding, have no contentious issues in their mutual relations. They are guided by numerous interests to strengthen their economic, cultural, and other ties, as illustrated by the fact that the Republic of Serbia accounts for 80 percent of the total economic exchange between Yugoslavia and Romania.

Interest was manifest on both sides in increasing the volume and expanding the structure of trade which was felt by both sides to be insufficiently diversified and limited to a narrow list of products. It was noted that possibilities should be utilized which offer higher forms of cooperation such as industrial cooperation, long-term export and import arrangements, joint investment in profitable projects, and that action should be taken on more efficient and broader economic ties between border regions and the intensification of border area trade.

Cooperation in the utilization of energy reserves between Serbia and Romania is proceeding successfully. It is expected that the construction of the Djerdap 2 system will be speeded up.

In the area of transportation, cooperation is successful, particularly in the railways. The transportation of oil and petroleum derivatives in one direction and coal in the other is very successfully organized, and the common interest in building a railway via Djerdap was noted. It was also proposed that the gas pipeline system between Serbia and Romania should be linked, thereby promoting trade in natural gas (the transport of gas imported from Russia, and certain deliveries from Romania). It was agreed in the talks that intergovernmental groups of experts should draw up and study projects in the areas of transportation, joint exploitation of the Danube, energy, agriculture, the chemical and metal industries, and other programs which are to be included in an agreement on mutual economic cooperation.

The meeting also considered the question of resolving unregulated ownership and legal relations arising out of dual ownership of property which was nationalized from members of our national minorities who emigrated to Yugoslavia at the time of the revolution.

Satisfaction was expressed in the talks with the improvement in the position of the Serbian national minority in Romania. The Serbian national minority in Romania and the Romanian minority in Banat have a very important role to play in the totality of mutual relations and in the further development of good-neighborly relations. The Republic of Serbia appreciates the efforts which the Romanian side is making with the aim of creating conditions for the necessary protection of the national and cultural identity of Serbs in Romania, to which a contribution is made by the realization of the program of cultural and educational cooperation for the period 1990-1993, which sets out that special attention should be devoted to the renovation of the cultural monuments of the Serbs in Romania and the development of schooling and education in their mother tongue. A Serbian cultural center will soon be opened in Timisoara, it was said in the talks.

### Petrovic To Convene Assembly Session 27 Feb

*AU2002200092 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 20 Feb 92*

[Text] The Ministry of Information of the Republic of Serbia has just made the following announcement:

At its session of 19 February of this year, the Government of the Republic of Serbia decided to propose that the president of the People's Assembly convene an extraordinary session of the People's Assembly. The government proposes that the extraordinary session discuss 10 draft bills regulating issues of vital interest to the citizens of Serbia in the spheres of social insurance and medical care, financial benefits for veterans and invalids, security of the citizens, and so on.

In agreement with the president of the republic, the government proposes that before the People's Assembly proceeds with the agenda of the extraordinary session, the president of the Republic of Serbia address the people's deputies.

On the basis of the proposal of the Government of the Republic of Serbia, Borivoje Petrovic, vice president of the People's Assembly, has convened the extraordinary session of the People's Assembly for 27 February of this year.

### Draskovic Interviewed on Demands for 9 Mar

*92BA0510B Belgrade BORBA in Serbo-Croatian 13 Feb 92 p 2*

[Interview with Vuk Draskovic, leader of the Serbian Renewal Movement, by Cvijetin Milivojevic in Belgrade; date not given: "Again by the 'Honorable Prince'"]

[Text] "At high noon on 9 March we will gather near the monument of Knez Mihailo to pay respect peacefully, in a Christian and democratic manner, to those who died on 9 March last year, and to all those who have fallen in this war, but also to exert pressure on the government by our radical demands," Vuk Draskovic, leader of the Serbian Renewal Movement [SPO], informed newsmen yesterday in the crowded conference room of the Hotel "Mazestik."

"We will probably be hearing stories about how the Serbian regime did everything it could and has now

brought in foreign troops," Draskovic said. "However, I say with full responsibility: that if it had not been for this regime, Yugoslavia would not have fallen apart, nor would we have needed the 'blue helmets.' I remind those who all over Serbia have already begun a campaign against the opposition, accusing us of wanting to bring down the regime by nonparliamentary means, that it was precisely the streets that brought this regime to power and it will also take the streets to bring it down."

Because the leader of the most numerous Serbian opposition party pointed out that his appeal to all who were on "Freedom Square" on 9 March last should come again is contingent ("a large segment of the young people are in graves, many are disabled, some are in mental hospitals and prisons, and 200,000 are outside Serbia"), questions followed.

[Milivojevic] What if the police attack?

[Draskovic] I do not believe in that possibility, although the threats have already begun.

[Milivojevic] Will you give notice of the demonstrations? And what if they are banned?

[Draskovic] Notice of demonstrations is given 48 hours in advance, but we are giving notice, as you see, even today. If they ban them? We must follow the spirit of 9 March, and therefore we cannot respect a ban on our democratic right.

[Milivojevic] Is it true that the last time you brought even Albanians?

[Draskovic] Some of the regime's lies seem in bad taste. Yes, there were members of the HDZ [Croatian Democratic Community], Albanians; I drew up secret plans with them in that villa on Lake Geneva made available to me by the Belgrade regime as an agent of the CIA.

[Milivojevic] And if there are armed people among the demonstrators?

[Draskovic] We did not have arms even last year; this year we will be "armed" with flowers and candles. Inquire yourself about those others.

[Milivojevic] Is this a joint offensive of the opposition?

[Draskovic] Consultations are now going on. There is no reason why we should not once again be together.

[Milivojevic] Do you support the proclamation of the Democratic Party for the removal of Milosevic?

[Draskovic] Yes. Every form that is democratic is welcome.

[Milivojevic] Seselj is bringing the new prince?

[Draskovic] I do not wish to comment.

[Milivojevic] The deadline for meeting the demands?

[Draskovic] The Serbian democratic opposition will not calm down until they are met.

[Milivojevic] How do you imagine Serbia's upswing and the role of Serbia as piedmont if the present government falls?

[Draskovic] At the beginning of the century we had a democratic Serbia as an upswing and reaction of our people to the defeat at Slivnica. I am convinced that this will occur once again after this defeat. I do not believe that any Yugoslav people fears the Serbian people, but the present regime.

[Milivojevic] What if Tudjman does not accept the peace plan?

[Draskovic] I do not believe that will happen; he will have to listen to his great sponsor—Germany. Otherwise, as Mr. Vance says, international sanctions will follow. I would support them and defend the interests of the Serbian people in Croatia.

[Milivojevic] Will representatives of the Serbs from Kosovo and Metohija be included in the talks between the Serbian opposition and the Albanian opposition in Kosovo?

[Draskovic] Yes, they will, when the talks continue in Pristina in late February. These talks in Belgrade were for the purpose of getting to know one another....

[Milivojevic] Is it true that the United States is seeking a Yugoslavia consisting of two republics?

[Draskovic] No. I myself have called for support for a two-level association "4 + 2" in which firmer ties would exist among Macedonia, Bosnia-Hercegovina, Montenegro, and Serbia, and looser ones with Slovenia and Croatia.

[Milivojevic] Have you also talked about the "4 + 2" proposal with anyone in the country?

[Draskovic] I have reached agreement in principle with Mr. Izetbegovic. The only thing on which he insisted was an alliance of all six Yugoslav states, but that is hardly feasible now. The central problem is how to resolve the issue of the present JNA [Yugoslav People's Army]—and that is something that Izetbegovic did very well to notice. I will soon be meeting with the Montenegrin opposition, and in Macedonia and Slovenia they have also invited me. But now I am traveling to Germany and Hungary....

The press conference, unusual in that the SPO leader has continued his "American" style of dress (he was still wearing a tie), ended with the promise of Draskovic and Radomir Urosevic, deputy, that if the Serbian Assembly should adopt these demands, only a commemorative meeting would be scheduled for 9 March.

## Opposition Examines Civil War Potential

*92BA0509A Belgrade INTERVJU in Serbo-Croatian 24 Jan 92 pp 4-6*

[Article by Milan Nikolic: "Who Is Threatening Serbia With a Civil War"]

[Text] Vuk Draskovic, leader of the SPO [Serbian Renewal Movement], "commemorated" the first anniversary of multiparty elections in Serbia with a gloomy prediction: Unless we quickly define what is the heart and what is the circulatory system of the Serbian people, he said, the mainstream of Serbia will once again be threatened by peripheral "six Lika" and "seven Banija" brigades. These "forces for restoring peace" will commence a new Serbo-Serbian war with an attack to the head, to Belgrade and Sumadija.

Is a civil war in Serbia possible? The question is frighteningly clear, and hypothetical answers are a concern not only of Vuk Draskovic, but also of other opposition leaders.

The conflict between two profoundly opposed ideologies and ethnic and religious intolerance have up to now been the customary fuel of civil wars. The frame of the picture is completed in that the people are armed and ready for killing one another.

Has Serbia met any of these conditions to qualify in the competition for a civil war? What is it that in addition to one horrible war already would cause another internal and still fiercer war inside Serbia itself?

### Who Is Going To "Dirty His Hands"

Dr. Vladan Vasiljevic, vice president of the Serbian Liberal Party, which is distinguished by its radical criticism of the government, believes that the escalation and spread of the crisis throughout the area of Yugoslavia has led Serbia into dangerous proximity of a civil war. The preliminary signs are already evident in the recent rightwing assaults on political opponents they did not like or in statements like the one Zeljko "Arkan" Raznatovic made in DUGA to the effect that the story that he is a communist was "invented by vermin in Serbia."

"It is obvious that the SPS [Socialist Party of Serbia] has spent even that little power which it gained by the coup in the December elections, and it is not choosy about the weapons it uses in holding on to power at any price, using those same excuses with which they smothered the rebellion in 1968: 'We took power with weapons and we will defend it with weapons.' In other words, the blood shed in the civil war in 1941 was a sufficient pledge to shed the blood of one's own people once again. The president of the Republic has already proven several times that he has a good memory of those lessons from 1968: with the party coup in 1987, by his behavior in the election campaign, and by bringing the tanks into the streets of Belgrade last March."

The incumbent party has almost unlimited power. Does the risk of a civil war suit it?

Dr. Vasiljevic says in answer to this question:

"If it feels that its power is dangerously threatened—and it is, by the defeats in the war, social tensions, and mistakes in the economy—nothing is left for it but to maintain an extended state of war in whatever form. That government does not need to cause the conflicts, this will be done by the 'prostitutes of war' increasingly evident on the political scene, so that the incumbent party can be responsible for the civil war and yet its hands will be clean!"

Dr. Vasiljevic adds that by playing clever games the party in power has been selling lies for truth to a frightened population and has been radicalizing the mechanism of the one-party system in that it keeps political opponents at odds and provokes mutual showdowns in order to draw attention away from itself. He is helped in this by warriors like Seselj, Mirko Jovic, and Milan Paroski, and then by well-armed party armies and self-styled war heroes, ready with the slightest encouragement to assault those who do not have the same politics they do.

### You Are Alive While Others Are Dying....

Zoran Horvan, member of the Presidency of the SPO and a deputy in the Serbian Assembly, shares this opinion, and believes that Serbia is sitting on a powder keg. People are embittered with the injustices they have experienced, they have witnessed unprecedented treason and the death throes of the law-governed state. Horvan is surprised by the ruling party's lack of fear in that it has not been doing anything to reduce the threat to the welfare of the population, the misery and poverty, when it feels that anyone who comes into the street is ashamed to say that he cannot feed his family, because he will be told—You are alive, while others are dying.

"I am afraid," Horvan says, "that that feeling of shame will soon vanish and that people will not be satisfied with rhetoric and promises."

But social unrest need not signify a civil war. There nevertheless have to be two participants.

Zoran Horvan has his own particular view:

"It is a fact that the European Community and the world look on the SPS as a foreign body in the tissue of the Serbian people and are in a position to create 'two sides' for a civil war in order to remove the unpopular administration from power. It is possible for the EC to open a 'southern front,' for the unrest to spread into Bosnia-Hercegovina, and from there, by way of certain ambitious opposition leaders and their party armies, into Serbia. We as a party are not only not in favor of a civil war, we are trying to point out that danger which the incumbent party and its satellites would like. A white

plague is raging through Serbia, and the disappearance of every Serbian head could be much more disastrous if it falls to a Serbian hand."

Dr. Vasiljevic counsels the opposition to skirt all the traps which the government has set for it so that it would start internal conflicts and thus create "two sides" for a civil war. But if it is threatened by a "night of the long knives," the opposition will have to defend itself by every means, including weapons.

"And this is where the game of the SPS," Vasiljevic says, "passes all bounds of the petty politician's risk, because the threshold of intolerance cannot be shifted indefinitely. In that case, the army could play a decisive and disastrous role, because it would be left without any control of the state at all. Given its nature, it could also experience the fate of division in a civil war, it could divide different ways, and that would give an additional ferocity to the civilian bloodshed."

Should these horrors actually occur, would they be a tardy echo of the civil war in 1941, will we once again have "Partizans" and "Chetniks"? Dr. Vasiljevic says that in the last war a minority took power from the majority, but in this one a majority would take it from the minority. In the previous civil war, bolshevism carried out an assault to take power from ethnic Serbia, which opposed that as an evil for the Serbian people. Now, that defeated option would have to take pains to restore positions lost half a century ago. Only, Dr. Vasiljevic wonders, will there now be a repetition of the great British treason which helped the bolsheviks to defeat those who were stronger and more decent in Serbia? That is why the socialist power offered such lengthy and tough resistance to the appeals for ethnic reconciliation. That reconciliation would have exposed all of the victor's disastrous truths.

**Possible Conflicts**

All the accusations of the opposition are answered in the Socialist Party of Serbia with counteraccusations. Tomislav Milenkovic, member of the Executive Committee of the SPS, says:

"Our party has no interest whatsoever in causing a civil war in Serbia. That is nonsense. Here we are in power, a civil war would be a failure of our policy. It is not true at all that we want the war to last as long as possible, because the war can only be a cost to us. A civil war would not suit anyone."

But is it possible in Serbia?

"At this moment, Serbia is not threatened by any danger of a civil war at all. The balance of power and still more the war and the Yugoslav crisis offer no opportunity whatsoever for a civil war to be legalized within Serbia. A majority of the population would not accept it. Only conflicts of a smaller size are possible. Neither the circumstances nor the conditions obtain for a civil war."

Milenkovic says that recently the opposition has been disputing the policy of the SPS as a whole, has been saying that the war has no purpose, that Serbia has no strategy, has been challenging the JNA [Yugoslav People's Army], has been openly appealing for desertion and defeatism, and has been taking every opportunity to cause conflicts that might be an introduction to a civil war. He told us that this tactics of the opposition plays into the hands of the fascistoid policy of the HDZ [Croatian Democratic Community], is harmful to the interests of the Serbian people not only within the administrative borders of Croatia, but also in Bosnia, where conflicts are already beginning and are threatening to spread to Serbia as well. Milenkovic therefore believes that it is good that the press is publishing all those intentions and positions of the opposition, let the people themselves realize with whom they are dealing. In answer to the question of whether the SPS is supporting the Army only because it would have in its hands a powerful implement for ruling and for dealing with political opponents, in keeping with the bolshevist thesis that "we took power with weapons, we will also defend it with weapons," Milenkovic answered:

"The Serbian army or Serbian Guard would basically be politically charged, and conflicts would therefore be inevitable. That is why we have been relying on legal authorities and the legal army. And it is not a question of a bolshevik army, it is going through its transformation. In Serbia, there will never again be a monolithic one-party system that would preserve the JNA. That time is past, and it cannot be brought back. That is why there is no validity at all to the accusations that we are supporting the Army in order to use it against the opposition, because I do not believe that any government could stay in power with weapons if it is not competent and does not have the confidence of the people. Even if we wished, under these circumstances, it is no longer possible to preserve power by armed force and misuse the strength of the Army against political opponents."

Milenkovic also rejects all accusations that in a future civil war in Serbia the SPS would use the "dogs of war" or certain other party armies such as those of Seselj and Jovic as its fighting fists. The SPS is also sending its own volunteers to the front, and they, just like the other volunteers, are treated like soldiers of the JNA and are subjected to military command, not some party command. When they return from the front, they will all be disarmed, and they will not be able to operate in Serbia as an army of anyone, so that it is nonsense to say that they would be used in some kind of civil war.

As for showdowns of certain rightwingers with political opponents, the SPS rejects any connection to them whatsoever. The competent authorities are responsible for detection and prosecution of those miscreants. Milenkovic responds to the constant accusations of the opposition that Seselj's threats and showdowns with the "traitors to Serbism" have tacit support and sponsorship of the ruling party that even they are beginning to be bothered by this constant linking of the SPS and Seselj.

although there is a political and programmatic chasm between their parties. Seselj is not a member of their party, and they are not responsible for his statements and views. His activity as a deputy, which is quite evident, has had a differing response among the deputies of the SPS themselves. Some support his proposals, others reject them.

**The Opposition Against the Opposition**

In this attempt to answer the question of whether Serbia is threatened by a civil war, we have been utterly unable to skirt around the "unavoidable" Vojvoda Seselj, because he has been mentioned in all the interviews as one of the causes and protagonists of that war.

"I think," Seselj says, "that they are preparing a civil war in Serbia, but they will not be successful in those preparations. They had the dress rehearsal on 9 March of last year, and they are announcing a repeat performance on 9 March of this year. That is why they have armed a number of their members. The Serbian Guard was formed to be used in armed showdowns in the streets of Belgrade. It is clear to Draskovic, Djindjic, Cavoski, and Nikola Milosevic and the others that they can never take power by parliamentary means, so they are counting on taking power through unrest and armed conflicts. But, fortunately, they have no chance. The people have seen through them. You have seen how the rating of the Serbian Deception Movement has been falling, while Nikola Milosevic does not even appear in those lists. The Democrats have managed to improve their rating thanks to the disintegration of the Reformists, autonomy advocates, and the like, but if they go on this way, tney will receive severe blows." Seselj believes that the people are not ready at all to embark on the horrible escapade of a civil war, especially anything similar to 1941, because there is no one who could cause that kind of ideological division and set the people at odds. The Chetniks were first to offer the hand of reconciliation and declared that they did not want a civil war. All that are possible are street incidents, which "several thousand psychopaths of the Serbian Deception Movement" are ready to provoke.

Seselj also rejects all accusations that he and his party would be a "fighting fist of the SPS" in case of a civil war:

"Neither the SPS nor we are preparing for a civil war. We are not creating paramilitary formations. All of our units are oriented toward fighting the Ustashi and other enemies of Serbia. We have never provoked incidents on Serbian streets, nor have we shed Serbian blood. They have done all of that. Certain fascistic tendencies are already evident on the Serbian political scene. They are demonstrating with the fascist greeting of a hand extended with three fingers. They shout 'All, all, all!' which is nothing other than 'Sieg heil! Sieg heil!' The very structure of their organization is fascistoid and based on the principle of the fuehrer-leader. The leader means everything, one man decides everything, and worst of all, his wife decides."

Vojislav Seselj also added that his fighters never return to Belgrade as military formations. They leave their weapons on the battlefield, and so far not a single outrage of his volunteers has been recorded in Serbia. The vojvoda believes that this entire rumor campaign about a civil war in Serbia has been imposed and has been timed and coordinated with the decisions of the European Community. And that, according to him, means—bow down, Serbia!

## Slovenia

### Rupel Says U.S. Will Recognize Independence

*LD2002185892 Belgrade TANJUG in English 1757 GMT 20 Feb 92*

[Text] Ljubljana, Feb 20 (TANJUG)—Slovenian Foreign Minister Dimitrij Rupel said today that 'there is no doubt' that the U.S. will recognize the independence of this secessionist Yugoslav republic.

In a statement upon his return from a visit to the U.S., Rupel explained, however, that an 'agreement' with U.S. Assistant Secretary of State Lawrence Eagleburger, 'requires me not to mention' the possible date of recognition of Slovenia on the part of the United States.

Countries of the European Community (E.C.) on January 15 recognized the secessionist Yugoslav Republics of Slovenia and Croatia. This was then done by some other countries but not also by the United States and the U.N.

Rupel told newspapers in Ljubljana that he was satisfied with the talks he had in the U.S. and added that he returns from a visit to this country 'armed with many promises', including the one on 'normalization' of bilaterial economic relations.

### Prime Minister Holds Talks With FRG Officials

*WA2002153092*

For reportage on the visit by Prime Minister Jure Pelivan to Germany, including reports on his talks with Foreign Minister Hans-Dietrich Genscher and Economics Minister Juergen Moellemann, please see the GERMANY section of the 20 February West Europe DAILY REPORT and subsequent issues.

### Prime Minister Demands Ministers' Resignations

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[Text] We will reshuffle the government, but there will be no room in it for the ministers belonging to parties that do not support the government. This was stated this afternoon by Prime Minister Lojze Peterle.

It appears that the prime minister, following yesterday's vote on a no-confidence motion in his government, is on the offensive and is now demanding the resignation of Foreign Minister Dimitrij Rupel, Minister of Internal

Affairs Igor Bavcar, and Minister of Information Jelko Kacin. All three ministers, who are members of the Democratic Party, are astonished by Lojze Peterle's statement and emphasize their belief that their ministries are successful. They agree that the prime minister does not quite understand or comprehend yesterday's events in the Slovene parliament, nor the fact that the last word about these events belongs to the Slovene parliament.

It is becoming uncreasingly clear that in the forthcoming days and weeks the Slovene political scene will become very turbulant and unpredictable.

## Statistics Show Personal Income Declining

*92BA0489B Ljubljana DELO in Slovene*
*5 Feb 92 p 4*

[Ilja Popit article: "Belt-Tightening Competition"]

[Text] Gross wages earned in November in Slovenia declined very differently among sectors: from 7 to 40.5 percent; poorer selection of goods.

Ljubljana, 4 Feb—The rates of the real decline in personal incomes have differed a great deal recently in Slovenia. This is indicated by the estimates that the Slovene Statistical Institute has calculated on the basis of gross personal incomes.

The average gross wage that employees in the social sector in Slovenia earned in November last year and were paid in December, specifically, amounted to 24,401 tolars, which is an amount 124 percent higher than a year before. Since there has been considerable inflation in the meantime—the cost of living, in fact, was even 201 percent higher last November than in November 1990—real gross wages, according to the Institute's calculation, declined by 25.5 percent in the Slovene social sector between the two Novembers: this includes a 7.2-percent real decline in forestry, a 21.3-percent decline for those employed in trade, a 21.5-percent decline in finance, a 22.5-percent real decline in industry, a 25.4-percent decline in construction, a 26-percent decline in socialized agriculture, a 28.8-percent decline in the hotel industry and tourism, a 28.3-percent decline in socialized trades, 30.1 percent in social organizations and communities, 31.4 percent in transportation and communications, 31.9 percent in residential and municipal services, 32.4 percent in education and culture, a 35.2-percent decline in health care and social security, and even a 40.5-percent real decline in water management.

To be sure, no one likes to hear that a year ago his industry improved wages more than others did, but the present very different real decline is only possible with different wage levels. At the same time, it is also clear that such a contraction is leading to an equalization of wages. On one hand, this equalization may take away many people's desire for work, etc., but on the other hand, with a certain solidarity, they can slow the rush toward even greater unemployment.

Since the Federal Statistical Institute has announced how much was earned in the other republics in November, we can see what wages are like in the dinar area. The Federal Institute does not recalculate wages at the exchange rates that are in effect in Ljubljana for the dinar, in Zagreb for the tolar, etc., but instead cites them as if they were all only in dinars, with the comment that the Slovene wages are in tolars and the Croatian ones are only estimated. In a way that sort of comparison is interesting, because for a long time we have been used to calculating how much higher the average Slovene wage was than the wages earned in other republics. Such a comparison shows us that the average Slovene net personal income that we earned last May was 7.4 percent higher than the one earned at that time in Bosnia-Hercegovina, but in November the Slovene one was already 93.7 percent higher than the Bosnian one. In May we were 48.9 percent over the Montenegrin wage, and in November, we were already 61.5 percent above it. The gap between our wage and the Croatian one increased from 14.8 percent in May to (an estimated) 46 percent in November. In May we were 86.7 percent above the Macedonian average, and in November, 88.5 percent; in May we were 23.5 percent above the average for Serbia proper, and in November, 26.1 percent. On the other hand, wages in Kosovo and Vojvodina improved during that period. Specifically, in May we were 74.5 percent above the Kosovo average, and in November, 71.1 percent, while the difference between the Slovene and Vojvodina averages was reduced from 26.1 percent in May to 11.4 in November. Of course, recalculating the dinars at the Slovene exchange rate of 0.8 tolars per dinar increases this gap even more in favor of the Slovene wages. Of course, slightly higher wages are not everything, especially since they are increasingly more modest if we recalculate them as German marks.

It is interesting that the lowest net wages for last November's work were not received either in Macedonia or in Kosovo, but rather in Bosnia-Hercegovina, since they were only 7,580 dinars; the Macedonian wage amounted to 7,787 dinars, the Kosovo wage 8,580, the Montenegrin wage 9,092, the wage in Serbia proper 11,642, and the Vojvodina wage 13,174, while the Croatian wage was estimated as only 10,026 dinars, and the Slovene wages were 14,681 tolars.

Consequently, in the middle of the month of payment, i.e., in mid-December, at the Bank of Slovenia's exchange rate Slovene wages were 393 marks, and at the average exchange rate of the commercial banks, about 345 marks. If we recalculate the average wage earned in Bosnia-Hercegovina in November according to Markovic's historical exchange rate of 13 dinars per mark, it was actually 583 marks. At that time, however, 54 dinars were actually being paid for the mark in Sarajevo "on the black market," and consequently Bosnian wages were only 140 marks.

In Belgrade, the mark was being [word indistinct] in December for about 65 dinars, and thus the wage in Serbia proper was worth 179 marks, the Macedonian one 159 marks, etc.

Even at the time when we were all still making payments in dinars, we knew that food in Slovenia was more expensive, that rents were more expensive, that there were differences in contributions among the republics, etc. That is why we determined that the dinar was worth less here than in the other republics. On the other hand, a great deal was contributed here by a higher employment rate and the employment of women, but now this is declining a great deal.

Even in the first months of the tolar, it was possible to find large differences between higher tolar prices and in some cases lower dinar prices. Since then there has been a considerable increase in many dinar and Croatian dinar prices, and some products have simply disappeared from the market, even certain kinds of food in Serbia; they have a shortage of fuel, etc. The mutual disputes and destroyed factories have also "enriched" the supply of tolars, and the selection has consequently been reduced in Slovenia as well; it is even difficult to buy many things, such as window glass, electrical wire, and even "trival things" like black shoe polish, not to mention the serious consequences of the halt in supplying Dinaric and Alpine power plants, factories, etc.